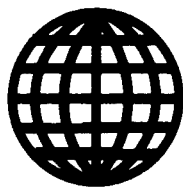


JPRS-NEA-93-046

9 April 1993



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Near East & South Asia

INDIA

19980128 156

DTIC QUALITY INSPECTED 2

DISTRIBUTION STATEMENT A

**Approved for public release;
Distribution Unlimited**

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA 22161

Near East & South Asia

INDIA

JPRS-NEA-93-046

CONTENTS

9 April 1993

POLITICAL

International Affairs

| | |
|--|---|
| Talks Held With Russian Deputy Foreign Minister [THE HINDU 17 Feb] | 1 |
| Analyst Comments on Plans for SAARC Meeting [THE HINDU 24 Feb] | 1 |
| Six Trade Pacts Signed with Tadzhikistan [THE TIMES OF INDIA 16 Feb] | 2 |
| Effect of Ayodhya on Middle East Relations Noted [THE HINDU 22 Feb] | 2 |
| Joint Declaration with Spain Signed | 3 |
| First day's Accomplishments [THE HINDU 9 Feb] | 3 |
| Speech to Industrialists [THE HINDU 10 Feb] | 4 |
| Singapore Favors Negotiations With Institute of Science [DECCAN HERALD 15 Feb] | 5 |
| Tamil Nadu: Keen on Trade With Singapore [DECCAN HERALD 16 Feb] | 5 |

Regional Affairs

| | |
|--|----|
| Statement Scores Pakistan Official's Remarks [THE TIMES OF INDIA 19 Feb] | 6 |
| Pakistan's Sharif Interviewed on Relations With India | 6 |
| Excerpts From Interview [THE HINDU 18 Feb] | 6 |
| External Affairs Ministry Reaction [THE HINDU 19 Feb] | 9 |
| Experts Comment on Pakistan Weapons Acquisitions [THE STATESMAN 16 Feb] | 10 |
| Pakistan Papers Interview Indian Envoy [THE HINDU 15 Feb] | 10 |
| Pakistan Expels Three Indian Representatives [THE HINDU 18 Feb] | 11 |
| High Level Meeting To Solve Kashmir Problem Planned [DECCAN HERALD 15 Feb] | 12 |

Internal Affairs

| | |
|---|----|
| Kashmir: Article Places Hope on Young Radicals [DECCAN HERALD 15 Feb] | 12 |
| White Paper on Ayodhya Summarized [THE HINDU 25 Feb] | 14 |
| Karunanidhi Rules Out Alliance With Congress [INDIAN EXPRESS 18 Feb] | 15 |
| Congress Loses Seats in Meghalaya, Gains in Nagaland [DECCAN HERALD 18 Feb] | 15 |
| Congress (I) Forms Plan to Combat Communalism [THE HINDU 18 Feb] | 16 |
| Congress (I) Wins in Nagaland, Meghalaya [THE TELEGRAPH 19 Feb] | 17 |
| Economic Policy Pursued by Rao Angers CPM [INDIAN EXPRESS 18 Feb] | 18 |
| Rao Facing Fierce Competition Within Congress(I) | 19 |
| Arjun Singh Leads Competition [INDIA TODAY 28 Feb] | 19 |
| Arjun Singh Profiled [INDIA TODAY 28 Feb] | 22 |
| Narain Dutt Tiwari Profiled [INDIA TODAY 28 Feb] | 23 |
| Sharad Pawar Profiled [INDIA TODAY 28 Feb] | 25 |
| Singh Interviewed on Party [INDIA TODAY 28 Feb] | 27 |
| Singh Interviewed on BJP [FRONTLINE 26 Feb] | 28 |
| Singh Statement Released [FRONTLINE 26 Feb] | 29 |
| Loyalty, Support in Question [FRONTLINE 26 Feb] | 30 |
| Party Self-Destructing [FRONTLINE 26 Feb] | 33 |
| Rao Winning Battle [THE TELEGRAPH 7 Mar] | 34 |
| No Improvement Reported in Rao-TNCC Talks [DECCAN HERALD 16 Feb] | 35 |
| Rao's Political Aides Prepare Anti-BJP Campaign [INDIAN EXPRESS 17 Feb] | 36 |
| BJP Surge Towards Power Examined, Seen Inevitable [SAPTAHIK BARTAMAN 27 Feb] | 37 |
| BJP Changes Attitude on Narmada Dam Issue [DECCAN HERALD 15 Feb] | 38 |
| Uttar Pradesh Congress Partymen Join BJP [DECCAN CHRONICLE 15 Feb] | 39 |
| BJP Leader Advani Demands Mid-Term Poll [DECCAN CHRONICLE 22 Feb] | 39 |
| RSS Activities Seen Heart and Soul of BJP Strength [SAPTAHIK BARTAMAN 27 Feb] | 40 |
| United Communist's Central Committee Meets [THE SUNDAY STATESMAN 21 Feb] | 41 |
| Paper Gives Details of 1992-93 Economic Survey | 42 |

| | |
|---|----|
| Economy Stronger [THE HINDU 24 Feb] | 42 |
| Economic Reform [THE HINDU 24 Feb] | 47 |
| Foreign Debt [THE HINDU 24 Feb] | 48 |
| Concerns Over Acceptance of Dunkel Draft Told | 49 |
| Effect on Patents Act [THE STATESMAN 15 Feb] | 49 |
| Molecular Scientist's Concern [THE HINDU 9 Feb] | 50 |
| Assam Grants Bodos Autonomous Status [THE SUNDAY STATESMAN 21 Feb] | 51 |
| Paper Reports Contents of 1993-94 Railway Budget [THE HINDU 25 Feb] | 51 |
| Draft National Technology Policy Ready [THE TIMES OF INDIA 22 Feb] | 53 |
| Interview With World Bank Managing Director [THE HINDU 23 Feb] | 54 |
| Petroleum Pipeline From Iran Contemplated [THE STATESMAN 20 Feb] | 57 |

ECONOMIC

| | |
|---|----|
| Budget: Issues, Surveys, Articles, Views | 58 |
| Opens Up Economy [DECCAN HERALD 16 Feb] | 58 |
| BJP's 'Alternative' [INDIAN EXPRESS 24 Feb] | 59 |
| Survey Said 'Irresponsible' [INDIAN EXPRESS 24 Feb] | 59 |
| Salaried Seek Relief [INDIAN EXPRESS 27 Feb] | 60 |
| South's Mixed Reaction [DECCAN HERALD 2 Mar] | 60 |

MILITARY

| | |
|--|----|
| Russia's Latest Military Jet Offered to Air Force [THE STATESMAN 22 Feb] | 62 |
|--|----|

International Affairs

Talks Held With Russian Deputy Foreign Minister

93AS0661A Madras *THE HINDU* in English 17 Feb 93
p 9

[Text] New Delhi, Feb. 16. India and Russia today stepped up the tempo of bilateral interaction following detailed discussions on key international and bilateral issues between the Foreign Secretary, Mr. J.N. Dixit and the Russian Deputy Foreign Minister, Mr. S.V. Lavrov.

The dialogue which follows nine framework agreements—including one on regular consultations between the Indian and Russian foreign offices—signed during the recent visit to India by the Russian President, Mr. Boris Yeltsin, indicates the seriousness which Moscow attaches to upgrading its ties with New Delhi.

In the wide range of issues which came up for discussions, Kashmir, dual use technologies and nuclear non-proliferation treaty and consultations in the international fora were of key concern.

On Kashmir, the Russian side unambiguously endorsed India's position: resolution of the dispute politically and bilaterally—the essence of the Shimla Agreement.

Significant: The Russian stand assumes significance as it was made after India expressed apprehensions that Pakistan which is now a non-permanent U.N. Security Council member may raise the Kashmir issue at this forum. Referring to the Kashmir dispute, the Foreign Secretary reiterated "India's firm objection to the internationalisation of this matter."

That the discussions took place on dual use technologies is significant. Because U.S. objections to the cryogenic rocket engine deal between India and Russia is based on the argument that these engines are of dual use: they can be used by India not only for the GSLV [Geosynchronous Launch Vehicle] launch vehicle but also for long range nuclear missiles.

It was in the context of denying this technology to India that the United States had invoked the Missile Technology Control Regime (MTCR) guidelines last year.

While the Russian President during this recent visit here made it clear that Moscow would go ahead with the deal, experts here feel that the fulfilment of the agreement will not be easy.

More so, because the MTCR guidelines last month have been made more stringent. The regime after it has been amended, now not only curbs trade in dual use technologies which can yield nuclear missiles (any missile which has a range above 300 Kms. and can carry a 500 Kg. payload) but prohibits transfers of any technology which can be used in a missile, irrespective of its range and payload.

On NPT [Nonproliferation Treaty], experts here are curious to know if there has been any shift in the Russian stand from the policy of erstwhile Soviet Union, which

had avoided insisting on India to sign this treaty. However, even before Mr. Yeltsin's visit and Mr. Lavrov's parleys the two countries had been engaged in a bilateral nuclear dialogue.

Analyst Comments on Plans for SAARC Meeting

93AS0642A Madras *THE HINDU* in English 24 Feb 93
p 9

[Article by K.K. Katyal: "Delhi Accepts New Dates for SAARC Meet"; boldface words as published]

[Text] New Delhi, Feb. 23. India has accepted the new dates—April 10 and 11—for the SAARC [South Asian Association for Regional Cooperation] summit in Dhaka, suggested by Sri Lanka and Bangladesh, the outgoing and incoming chairmen of the association. An official announcement is expected soon—after the formal concurrence of the all the member-States is received.

The summit had to be postponed twice at the instance of New Delhi—for the second time because of widespread anti-India sentiments, generated in Pakistan and Bangladesh in the wake of the Ayodhya incidents. Apart from the security problem in Bangladesh, the Prime Minister, Mr. Narasimha Rao, decided not to go to Dhaka because the overall political atmosphere in the region was not considered congenial for meaningful discussions.

India's ready acceptance of the new schedule—well after the fasting month of Ramzan—will help it to rub off the image of an obstructionist, thrust on it by the peculiar play of politics in the region. As for the summity changes, the responsibility, to a large extent, does rest with India. As a result, the blame for a slow-down for the regional cooperation efforts too, is put on its shoulders.

SAFTA proposal: But as regards substantive issues, with a close bearing on the integrative process, India has been keener while some of its accusers have sought to drag their feet. This has been evident from the trend of discussions at the level of experts and foreign secretaries, even of Foreign Ministers—on the proposal for the SAARC Free Trade Arrangement (SAFTA).

That economic issues are the core or the quintessence of regional cooperation is demonstrated by the working of various groupings in the world—such as the European Community, the ASEAN [Association of South East Asian Nations] and the North American bloc. This is also recognised by most members of the SAARC, besides India, and it was their cumulative initiative that led to the formulation of the proposal for the SAPTA [as published].

In its final form the proposal was mooted by Sri Lanka, while Bangladesh was equally insistent on giving an economic content to regional cooperation. India, of course, had commended this approach right from the time of the first summit at Dhaka, soon after the inception of the association, though it chose not to be aggressive in its advocacy, lest it should become suspect for its "hegemonistic designs" in the eyes of the others.

Its representatives made use of all available opportunities to press for expanding the scope of cooperation, confined to peripheral issue, so as to include trade, services and manufacturer.

Pakistan's reservations: However, Pakistan made known its reservations at every stage—even though the proposal envisaged a modest agreement, based on a product-by-product approach, whether it accepts the agreement in toto at the Dhaka summit will, naturally, be of great interest. Pakistan may find it hard to keep aloof because of regional pressures even if there is no change of heart.

It objected to Article 11 of the draft agreement relating to "non-application." The Article reads as follows in part: "The provisions of this agreement shall not apply in relation to preference already granted or to be granted by any contracting State to other contracting States outside the frame-work of this agreement, and to third countries through bilateral, plurilateral and multilateral trade agreements, and similar arrangements. The contracting parties shall also not be obliged to grant preferences in SAPTA which impair the concession extended under those agreements". This provision was intended to safeguard the interest of the "last developed countries."

However, Pakistan sought to make a different use of this clause—to enable it to reserve the right not to give trade preferences to India. For political rather than economic reasons, Pakistan proposed to stick to its policy of not according the Most Favoured Nation (MNF) treatment to India. In case Pakistan is able to have its way, SAFTA may become a hollow shell, without a solid content. The point was driven home at various stages of the consideration of the proposal. The Pakistan proposition was not accepted by others, and the draft agreement is now ready for signing by the heads of Government. The crucial factor, in the context of the SAARC's future, is whether or not Pakistan affixes its signature.

Six Trade Pacts Signed with Tadzhikistan

93AS0662A Bombay *THE TIMES OF INDIA* in English 16 Feb 93 p 17

[Text] New Delhi, February 15. The Tajikistan prime minister, Mr. Abdumalik Abdullojanov, said today that while the political leadership was trying to ensure that his country did not become a "constant hot spot," it was essential to ensure that external factors were not allowed to turn the local tensions into a regional or wider conflict.

While the situation in Tajikistan "shows a tendency towards stabilisation", the possibility of the situation aggravating could not be ignored, especially if there was a fresh spate of violence.

Mr. Abdullojanov, who was speaking at a banquet hosted by the Prime Minister, Mr. Narasimha Rao, however hoped that "the present political realities, the tendency towards peace and stability in the world" would help prevent the situation from taking a serious turn.

He also expressed deep concern over the situation in Afghanistan (bordering Tajikistan) which "is literally

burning". Emphasising that political issues could not be resolved through these of armed forces, he appealed to "our Afghan brothers" to sit across the negotiating table and find a solution. At the same time, he warned "armed formations not under the control of Kabul" not to have any illusion about the vulnerability of the border with Tajikistan. It was open to friends, but enemies who tried to violate it would meet with a stiff challenge.

Earlier the two countries signed six agreements to promote co-operation in trade, economic development, banking, education, science and technology, culture, sports and mass media.

Besides, India offered a credit of \$5 million to Tajikistan and a gift of 8.5 lakh tonnes of medicines and blankets in view of the shortages in some parts of Tajikistan.

The agreements were signed at the conclusion of the official talks, led by the two Prime Ministers, at which both sides expressed concern over the problems arising from cross-border terrorism and religious fundamentalism and extremism.

Mr. Rao expressed India's willingness to help Tajikistan wherever necessary by providing the services of experts and offering training facilities.

The visiting dignitary made it clear that the Tajikistan leadership was not against Islam or any other faith. But it was opposed to attempts to impose any faith or ideology by force.

He said the U.N., industrialized nations and China and India—"the two great Asian powers"—could work together to resolve local tensions.

Effect of Ayodhya on Middle East Relations Noted

93AS0645A Madras *THE HINDU* in English 22 Feb 93 p 7

[Article by F.J. Khargamvala: "India's Ties with Israel On Hold?"; boldface words as published]

[Text] Manama (Bahrain), Feb. 21. India's ties with Israel have become a victim of events surrounding Ayodhya as the Indian leadership believes that keeping progress in relations with the Jewish State on hold will assuage the injured psyche of the Islamic community in India.

Uncertainty clouds the visit to India next month by Israel's Foreign Minister, Mr. Shimon Peres. This visit, the first by any Israeli Minister to India, was scheduled for Jan. but postponed tentatively to March, according to official sources. Israel's Ambassador in New Delhi, Mr. Ephraim Doweik, confirmed over phone that no decision had been taken on Mr. Peres' visit.

While postponing Mr. Peres's Jan. 4 visit, the External Affairs Ministry announced in New Delhi on Dec. 21 that the postponement was due to "domestic developments" in both countries. This would be obviously

interpreted as the Ayodhya-related events in India and the deportees problem concerning Israel.

Later Israel's President, Mr. Chaim Herzog, had expressed a wish to visit India but New Delhi did not encourage the step. Mr. Herzog, who leaves office in June this year visited China from Dec. 24, a week after Israel's expulsion of over 400 Palestinians. The Israeli Ambassador, Mr. Dowek, denied that any formal request for the President's visit was made but he would have liked to come to India, either after visiting China or separately.

The wisdom of postponing Mr. Peres' visit in Jan. is debatable but the case for not pursuing it to materialise in March or soon thereafter is weak. Sentiment in the Indian foreign office and among Indian ambassadors abroad in favour of an early visit is strong. If the Congress(I) Government believes that the Dec. 21 postponement would soothe Arab or Islamic feelings abroad some facts need to be recorded to show how unrewarding this action has been.

UAE's rebuff to India: Around the time the visit was postponed, the United Arab Emirates [UAE] refused to entertain a visit by India's Minister of State for External Affairs, Mr. R.L. Bhatia. Later a goodwill naval visit by Indian ships was given the cold shoulder by the UAE authorities. Contrary to an earlier report by this correspondent, even Saudi Arabia declined to receive Mr. Bhatia. Moreover, the Gulf Cooperation Council [GCC] summit in Abu Dhabi had a blast at India two days after India postponed the Peres visit. All this while the deportation of a few thousands of Pakistanis from the UAE was being overplayed in India. Oman too had expelled over 250 Pakistanis for trying to exploit Ayodhya but this fact was not made public. Oman is the only country with a substantial Indian-cum-Pakistani mix where there has been absolutely no anti-Indian reaction either by the regime or the National Assembly.

In fact, as events unfolded after the destruction of the Babri Masjid, Gulf Arab reactions which were outwardly muted were in fact somewhat adverse compared to say Iran whose actual reactions were negligible despite the vicious rhetoric. In the first week of this month when Mr. Surendra Kumar Arora presented his credentials as India's new Ambassador to Iran, the Iranian President, Mr. Hashemi Rafsanjani, pointedly brought up Ayodhya and implied that if India could not curb communal elements ties with Islamic countries would suffer. Mr. Yasser Arafat's strong defence for the Indian Government's actions at a mini-Islamic summit in Dakar is the only positive effect one can remotely link to the Peres visit being put off.

PM going back in time?: The widely held view among Indian and Israeli observers is that Mr. P.V. Narasimha Rao is travelling back in time to the days when New Delhi delayed establishing formal ties with Israel primarily owing to his perception that Muslims in India would disagree with the step. There is considerable frustration among Indian officials that after more than a year of

diplomatic relations, the same as Israel-China relations, Indo-Israeli contacts have not graduated to the political level. The least that could have been done to make up for the postponed Israeli visit was to send an Indian Minister to Israel. This might have removed apprehensions among Israeli and Indian officials that New Delhi wished to apply the brakes before exchanges intensified at a political level. Numerous official delegations have been exchanged but the one single political level meeting that has taken place was in New York when during the U.N. General Assembly session the then Minister of State for External Affairs, Mr. Eduardo Faleiro and Mr. Shimon Peres met.

Joint Declaration with Spain Signed

First day's Accomplishments

93AS0665A Madras THE HINDU in English 9 Feb 93
p 9

[Article by K.K. Katyal: "India, Spain To Fight Against Terrorism"; boldface words as published]

[Text] New Delhi, Feb. 8. India and Spain today signed a joint declaration—the first of its kind—on cooperation against terrorism, organised crime and economic offences. The umbrella agreement will enable the Governments to have specific arrangements in each of the three fields.

This was one of the four agreements signed on the first working day of the Spanish Prime Minister, Mr. Felipe Gonzalez's four-day visit. Its signatories were the External Affairs Minister, Mr. Dinesh Singh, and his Spanish counterpart, Mr. Javier Salana.

Spain like India had been the victim of terrorist activities (in its northern part), which, however, were contained with the help of its neighbour, France. India, on the other hand, felt aggrieved that its neighbour, Pakistan, had been consistently encouraging terrorist violence in Punjab and Jammu and Kashmir.

The draft of the agreement was prepared last month during the visit of the Secretary General of the Spanish Foreign Office, Mr. Francisco Vitlar, and his talks with the Secretary, West, of the External Affairs Ministry, Mr. K. Srinivasan. Similar agreements had been on the anvil with two other countries, but there was no finality yet.

The three other agreements related to the avoidance of the double taxing, cultural exchanges and exchange of prisoners.

Talks with PM: Mr. Gonzalez began the day, soon after the ceremonial reception at Rashtrapati Bhavan, with official talks with the Prime Minister, Mr. P.V. Narasimha Rao. They briefed each other on the progress of economic liberalisation and the opportunities thus available to the two countries to promote cooperation. They talked without aides for one hour and were later joined by their delegations.

In both the countries the public undertakings would continue to play a role, despite new areas opened to the

private sector and, as such, there was scope for cooperation, the two Prime Ministers noted, both between the two Governments and the private enterprises. They agreed on the need for governmental intervention for the sake of poorer sections. On the experience in his country (where the northern part remained disturbed for a while), the Spanish Prime Minister said that foreign investors were mainly concerned with the stability of the host governments and clear-cut economic policy rather than the law and order situation in some areas. The Spanish businessmen, according to Mr. Gonzalez, would like to set up joint ventures with India in areas like fisheries. He spoke of the opportunities that would be available now that the European Community was an integrated market. Spain's need of foreign investment was pointedly mentioned.

The discussions also centered on religious extremism, India's relations with Russia and China—after his visit to India, Mr. Gonzalez will go to Beijing—and the challenges in the integration process of the EC [European Community]. The visiting dignitary was confident of India playing a major role in world affairs and, as such, wanted it to be a strong and united nation.

This was also the theme of the Spanish Prime Minister's address at a dinner hosted for him by Mr. Rao. Spain, Mr. Gonzalez said, firmly supported the Indian Government's endeavours to sustain the great secular democracy and wanted to see a united, prosperous and open India as a factor of regional stability. No country, according to him, could face problems alone, affecting the entire world such as environmental protection, fight against terrorism, drug trafficking and organised crime.

Spain, was keen on giving a decisive impetus to economic cooperation with India and open a fruitful dialogue for a promising future in relations. His country was ideally placed to strengthen economic ties with India, having embarked upon an ambitious programme to modernise its economic and productive structure to meet the challenge of the membership of the EC.

The need for intensifying economic cooperation also figured in Mr. Gonzalez's talks with the President, Dr. Shankar Dayal Sharma. They found the climate in the bilateral field good for this purpose. The President hosted a lunch for the visiting dignitary.

Speech to Industrialists

93AS0665B Madras *THE HINDU* in English 10 Feb 93
p 9

[Boldface words as published]

[Text] New Delhi, Feb. 9. The Spanish Prime Minister, Mr. Felipe Gonzalez, today reiterated his support for the fight against terrorism but refused to be drawn into commenting on Pakistan sponsoring terrorist activity in Kashmir and Punjab.

Addressing presspersons after talks with the leaders here, Mr. Gonzalez said he had heard the Indian viewpoint "but you will agree that it would be irresponsible for me to

comment on Pakistan's involvement without hearing their version." He was told by the questioner that the Russian President, Mr. Boris Yeltsin had endorsed the Indian position and even the United States had set a deadline for Pakistan to end sponsoring terrorism in India.

"I am, however, prepared to fight terrorism to the finish anywhere in the world and also to condemn sponsorship of terrorist activity. We will never support anyone who supports or helps terrorists," Mr. Gonzalez said. This commitment arose from the history of Spain which had suffered terrorist activity in its northern part, he said.

Mr. Gonzalez was equally noncommittal about support for India's stand for reconstitution of the U.N. Security Council with greater representation to other parts of the world. He said reform of the U.N. would have to be approached with care and caution as the situation in the world was not yet balanced. About regional representation, he said the view from New Delhi could be that the representation was not balanced in the Security Council but the present composition had to be viewed in the historical perspective. In this context, he said it was still not clear whether the Asian region would accept Japan as a permanent member of the Security Council representing the region.

Latin America stakes claim: Asked specifically whether he would support India as a permanent member of the Security Council, Mr. Gonzalez said the list of probables did not end with India and Brazil, another contender. "I can tell you that Latin America also feels that as a continent it is not adequately represented in the Security Council." The question had to be seen from a different angle and not on the basis of demographic or geographic considerations.

Turning to economic issues, he dismissed suggestions of lack of faith in India on the part of investors due to the recent events within the country. He pointed out that within the span of a month, the British Prime Minister, Mr. John Major, Mr. Boris Yeltsin and he himself had visited India and the German Chancellor Mr. Helmut Kohl was scheduled to come. All of them were accompanied by top businessmen and they would not have come if they felt that the investment climate and trading environment were not conducive here.

About his delegation, he said he had a representative group with him which spanned from capital goods industry to tourism and fisheries. Some of the Spanish companies already had a presence in India and would like to expand their capital and business here.

Incidentally, a major part of the press conference addressed by Mr. Gonzalez was taken up by Spanish journalists accompanying the Prime Minister. The questions pertained to the domestic situation in Spain, the likely political alignments and specific details about the performance of the Spanish economy. Asked why the Prime Minister went to such great lengths to answer questions on domestic issues while he was on a foreign

visit, a Spanish journalist said it was election year in his country and they had a lot of questions to ask their Prime Minister.

PTI reports:

Mr. Gonzalez indicated that his country was keen on setting up a bank in India to help expand trade and offered his country's expertise in promoting joint ventures in fisheries.

He was addressing a luncheon meeting jointly sponsored by the presidents of FICCI [Federation of Indian Chambers of Commerce and Industry], ASSOCHAM [Associated Chamber of Commerce] and CII (Confederation of Indian Industry) here.

Singapore Favors Negotiations With Institute of Science

*93AS0606D Bangalore DECCAN HERALD in English
15 Feb 93 p 5*

[Article: "Singapore Seeks Tie-Up With IIS"; boldface words as published]

[Text] Bangalore, Feb 14—Singapore today said that academic exchanges and possibly an institutional tie-up with the Indian Institute of Science [IIS] here apart from recruitment of technical manpower are part of that island republic's new thrust to establish strong economic links with India.

Singapore's Minister for Information and the Arts who also is Second Minister for Foreign Affairs, Brigadier-General George Yeo, who outlined the plan to reporters said that the effort was to create good inter-personal contacts to the advantage of both countries in the changed global context.

Political relations between the two countries who are members of the Commonwealth and the Non-Aligned Movement [NAM], which were influenced largely by the East-West divide (with India seen to be friendlier with the erstwhile Soviet bloc), had improved in the last two years he explained.

Brig-Gen Yeo who was leaving for Madras on the last leg of a two-week familiarisation trip which covered Delhi, Bombay and Bangalore said: "Our impressions are very positive." And on Bangalore he said "everyone feels considerably more bullish than when we arrived."

The Singapore team of 23 which included the Senior Minister of State for Trade and Industry Lim Boon Heng and top officials of the Economic Development Board and the National Computer Board had discussions with Chief Minister Veerappa Moily and visited several electronic industries and the IIS during their two day stay here.

Trade Potential: Brig-Gen Yeo said that he was convinced of the potential for trade and investment and said that he learned from the Secretary of the Department of Electronics N. Vittal that two Singapore companies—Q-Max and Wearnes Technologies—had just been given clearance for ventures here.

But he complained of "infrastructural bottlenecks" and listed the problems of electricity and telecommunications and the absence of an international airport. He noted that Singapore Airlines has been allowed a cargo service to Bangalore, but wished it would be upgraded to a passenger service.

However it is in furthering the progress achieved so far and with the conviction that the liberalised economic policies were irreversible that Singapore was looking to India, particularly an electronics centre like Bangalore, for technical talent, he said.

Scholarships: He said that scholarships in the Nanyang Technological University and the National University of Singapore have been opened to Indians and that Singapore would consider seeking training in India where Singapore had stopped sending students for years and virtually derecognising Indian degrees.

"The manner in which we send our students reflects our perception of economic interests," he said responding to questions, and said that courses in several Indian educational institutions were being reviewed by a committee he headed, with a view to selectively recognise them and those who pass out.

The new drive to attract Indian technical talent—starting with a recruitment team arriving in India next week with interviews scheduled in key cities including Bangalore—to work in Singapore and elsewhere on Singapore projects will be a continuing process hereafter, said the minister.

Tamil Nadu: Keen on Trade With Singapore

*93AS0606H Bangalore DECCAN HERALD in English
16 Feb 93 p 13*

[Article: "TN Keen on Indo-Singapore Trade Corridor Project"]

[Text] Madras, Feb 15—Tamil Nadu Chief Minister J. Jayalalitha today told a high-level official delegation from Singapore that the State Government was keen on implementing the Madras-Singapore trade corridor project and had already earmarked 800 hectares of land at Sholinganallur near here, besides commissioning a project report.

Ms. Jayalalitha also informed the team led by Singapore's Second Minister for Foreign Affairs and Minister for Information and the Arts Brigadier-General George Yeo, which met her at the Secretariat, that the project report was expected to be ready next month.

According to an official press release issued here, she invited the team's views on the way the project was being implemented. The Singapore Minister said the experience of South China in attracting direct foreign investment might be studied in this context.

The Minister also indicated the interest of the Singapore Government in establishing a regular system of cultural exchange with Tamil Nadu.

After the meeting, the team visited the project site.

The Tamil Nadu, which intends to proceed rapidly with the development of the new corridor near Madras, has set up an expert committee to give shape to the project.

Recently, a high-level official team went to Singapore to finalise the details.

Regional Affairs

Statement Scores Pakistan Official's Remarks

93AS0655A Bombay *THE TIMES OF INDIA*
in English 19 Feb 93 p 13

[Text] New Delhi, Feb. 18 (PTI)—India today told Pakistan to give up “state-sponsored terrorism” and cautioned that there should be no illusions about its resolve to counter Islamabad’s “challenges to its territorial integrity and sovereignty.”

In a statement, an external affairs ministry spokesman made any meaningful discussions with Pakistan virtually conditional to Islamabad’s ceasing its active and sustained support to terrorism and subversion directed against India.

Lashing out at the Pakistan minister of state for foreign affairs, Mr. Siddique Khan Kanju’s statement in the national assembly yesterday, the spokesman said his references to India were “unwarranted and unacceptable.”

Mr. Kanju held India responsible for the current phase of difficult relations and said New Delhi’s position on Kashmir was “unjust and untenable.”

“Rather than concentrating on exorcising its own bigotry and religious apartheid, it is regrettable that Pakistan is consistently indulging in inflammatory rhetoric and provocative actions intended to raise public passions,” the spokesman said.

The spokesman said India had time and again emphasised that it was ready to resolve “all outstanding issues, including intractable issues, with Pakistan within the framework of the Shimla agreement.”

“But for a conducive atmosphere in which any meaningful discussions are to take place, Pakistan must cease its active and sustained support to terrorism and subversion directed against India,” he said.

“Pakistan should eschew its path of confrontation and adversarial complex of its mindset which is hardly conducive to peace and harmony in the region,” he said.

He said Pakistan which had adopted “the state ideology of a single religion naturally can’t comprehend our tenets of secularism.” Meanwhile nine persons, including six militants, were killed and six subversives captured in the Kashmir valley since last night.

A BSF [Border Security Force] personnel was killed and three of his colleagues were wounded when a land-mine, planted by militants, went off at Kangan, 40 km from here on the Srinagar-Leh road last evening, an official spokesman said.

Two militants were killed in a gun-battle at Chankipora, Shallapora and Arampora areas of Sopore in north Kashmir today, he said.

A teenager, identified as Mohammad Amin, was killed and his friend was seriously injured when a mine, planted by militants, exploded at Wangam-Kokernag in Anantnag district last evening, he said.

He said militants shot dead one person in his house at Chaki-Hoxsal Khan in Baramulla district.

Pakistan’s Sharif Interviewed on Relations With India

Excerpts From Interview

93AS0650A Madras *THE HINDU* in English 18 Feb 93
p 8

[Interview with Pakistan Prime Minister Nawaz Sharif by K.K. Katyal, in Islamabad; place and date not given]

[Text] The Pakistan Prime Minister, Mr. Nawaz Sharif, is opposed to India and Pakistan taking “very hard positions” in the bilateral dialogue which he would like to be resumed. Several conflicts would be ended if “we come out of 40-year-old position.” Mr. Sharif has also made other points on bilateral matters in an interview in Islamabad with K.K. Katyal. Excerpts from the interview:

Question: In the present context how do you see the current phase of Indo-Pakistan relations in the context, especially of Pakistan’s reaction to the Ayodhya demolition and related developments and the widespread perception in India that Pakistan has sought to make political use of the problems there? And then the diplomatic row and related developments are seen in India as a reversal of the people-to-people contact and other positive trends. Would you like to comment?

Mr. Nawaz Sharif: As far as bilateral relations are concerned they are not up to my expectations. In fact I had expected great improvement in Pakistan-India relationship and they are not to that level. Certain incidents have taken place in between. Of course the Babri Masjid demolition—it’s an act of fanaticism and of course it is something which is deplorable also. This could have been prevented if adequate steps had been taken by the Government. We feel that when the decision of the Supreme Court came that it should not be demolished, then proper arrangements should have been made by the Indian Government. This led to communal riots in India and it also had a very severe reaction in Pakistan. In India more than 1,000 people died.

Here people resorted to violence but we controlled it very quickly and effectively. This was the first time that we have ever had—I wouldn’t say riots but agitations—against something which has to do with religion. This could have been avoided.

Then comes the question of the tension mounting between India and Pakistan because of the Kashmir issue. And the atrocities which are being committed by

the Indian security forces on innocent Kashmiris tend to increase the tension and the massive violation of human rights which is going on in Kashmir.

Question: The reaction has led to the backlash in India.

Mr. Nawaz Sharif: There was no desire on the part of the Government of Pakistan to make any political capital from the issue, especially the Babri Masjid tragedy. There was shock, anger and deep resentment but at no stage did Pakistan exploit the issue to make any political gains out of it. All that we want is that this symbol of Muslim civilisation and of the cultural and political rights of the Muslims of India should be restored to its original site as formally pledged by the Prime Minister of India. The reversal in our relations is due firstly to the predictable reaction to the earlier incident and also to the anti-Muslim riots in India. Secondly, India has shown a totally negative attitude to the initiative I took firstly with Prime Minister Chandra Shekhar and subsequently in my five meetings with my present counterpart, Prime Minister Narasimha Rao, during which I sought to reverse the hostility and confrontation of 25 years by attempting to resolve basic issues through peaceful means. I think our genuineness needs to be understood and our sincerity needs to be understood in India. We will not be able to get anywhere through negative responses whether it is India or whether it is Pakistan. So we've got to now come to the conclusion and as quickly as we can. There is a dire need now for us to resolve all these outstanding issues—get them off our back—and both countries now want to move forward. And move forward in the economic field. They want now to do something for their downtrodden, for their poor masses who have been deprived too long of the basic necessities and amenities of life. I think we have been a little unfair to our people. So let us not try to overtake each other or enter into an arms race with each other. I think we must address these issues with our utmost sincerity.

Question: Isn't there the danger of snowballing of these negative trends and especially the fact that the positions or postures taken here are construed as an interference in India's affairs by the people and Government there?

Mr. Nawaz Sharif: Yes. There is a danger of snowballing effect of the negative developments. But I assure you that Pakistan has attempted to break the spiral. It is now up to India to take positive steps. Kashmir is the core issue and must be addressed quickly and meaningfully. Babri Masjid as well as the rights of Indian Muslims are of course the internal matters of India. We have, like the rest of the world, and especially the Islamic world, condemned the act of fanaticism as also the anti-Muslim riots. There is no doubt however that the shared history produces a resonance in each other's countries which is inevitable. It must not be seen as an interference.

Question: A related question. The happenings in Pakistan after December 6, the stand of the Government, the utterances of a section of the political leaders, the attack on the places of worship of minorities tended to

strengthen those very trends and forces in India about which your Government is worried. Conversely the condemnation by the Pakistani press of these attacks in Pakistan produced a highly positive reaction there. Would you like to comment?

Mr. Nawaz Sharif: There is no doubt about it and we are against all acts of fanaticism and anything arising out of fundamentalism and anything taking the shape of violence we all condemn. But then of course it was something which could have been prevented. All that we wished was that the Indian Government should have taken cognisance of the situation earlier than the incident took place. There was no point in sending troops after the incident took place. I think if adequate steps had been taken earlier this situation would never have arisen. But it was also—as you have just mentioned—it had a reaction in Pakistan—but we controlled the situation in time. We didn't allow these forces to destroy the entire temples in Pakistan. Some of course have been damaged, some have been destroyed. But we are now engaged in reconstructing these temples. And I came on TV myself condemning all acts of violence and I made an appeal to the people to control their emotions. And the people responded to my appeal and these things immediately stopped. All that we expected of the Indian Government was that adequate action should have been taken earlier than the incident took place. I don't know what you will be doing now in India to control any communal riots which may erupt again. But we are also very concerned about the situation and I hope that the rights of the minorities will be protected in India.

Question: Something about the perception of interference in the internal affairs of India?

Mr. Nawaz Sharif: We can never even think of interfering in the internal affairs of India. India is a sovereign State. We respect the sovereignty of India and we will never give India a chance to say that Pakistan has interfered. But then of course I should also say that we expect the same from India. That India must also not encourage or help or assist or support the terrorists in Pakistan too.

Question: Is the present accentuation a temporary phenomenon or could the two sides revert to some sort of working relationship with all its uneasiness—which was there when you last met the Prime Minister of India in Rio or when the two Foreign Secretaries met in Delhi? After that things got accentuated. Is that temporary or are we condemned to live with this sort of problem?

Mr. Nawaz Sharif: I hope it is temporary and in fact I hope that it dies down immediately and we don't allow the situation to get worse but it depends on the attitudes of both countries. We feel that we must now address the core issues which are there—which lead to these kinds of situations which of course are not in the interests of both countries. And I wish—as you have just mentioned the meetings have taken place in a very cordial atmosphere—I'm personally very satisfied with the way the meetings were conducted and the discussions which took

place in a very frank manner. I think these discussions must continue and we should not take very hard positions as a result of these incidents which have taken place recently. Therefore to be able to make headway in the future we must get out of this situation and we must move forward with the spirit of bringing about harmony and also addressing the key issues between ourselves.

Question: Isn't there a case for the two sides to try to reverse the present trend so as to create an atmosphere for dealing with the basic issues that have divided the two countries? You have partly dealt with this question. How do we reverse? First, as you rightly said, you would not like it to be a permanent phenomenon, this accentuation. But how do we reverse the trend—the trend of accentuation, sort of estrangement, drift and all that?

Mr. Nawaz Sharif: That will be reversed—through a willingness to find solutions to problems on the part of India. That of course is a key for unlocking the deadlock and of course we will continue to play our role. And you are quite aware. I have to refer again to an example I must quote here—when the freedom fighters wanted to cross the LOC [expansion not given] some time ago and twice they attempted to cross it, it was Pakistan which prevented them from crossing the LOC. And they were there by the thousands and we had to open fire on our own people and our own people got killed. Which country would like to get its own people killed, and that too for a cause we strongly believe in? So I am just quoting an example to explain my case. So I will be very happy to see that the trend is reversed and we are able to bring about the atmosphere where we can sit down and talk to each other and find solutions to our problems. I think this is, in fact, very important. And for this both countries must make efforts and try. It cannot be done by one country.

Question: Now about the main question on Kashmir issue. You know the obvious point I will be making that the Shimla Agreement provides a framework for tackling the differences. According to the Pakistan Government Kashmir is the core issue and normalisation is not possible unless that is resolved. In India's view, as is known, the crucial issue is that, as they put it, the instigation of terrorist violence in J and K [Jammu and Kashmir] and Punjab from across the border. I mean these are the stated positions. Now how do you start from here within the Shimla Agreement as a whole and not on the basis of selectivity of one particular clause or article of the agreement?

Mr. Nawaz Sharif: This is exactly what I wrote to Prime Minister Narasimha Rao in my letter and I expected a more positive reply. The reply was not the kind of reply I expected and I had referred to the Shimla Agreement in my letter addressed to the Prime Minister. However, we are still keen to resolve this issue through the Shimla Agreement. The Agreement also identifies measures for normalisation of Pakistan-India relations in the aftermath of the 1971 war. It specifically mentions the return of POWs, the restoration of diplomatic relations

between India and Pakistan and a final settlement of J and K issue. And it calls for negotiations between India and Pakistan to be able to settle the Kashmir problem. So we are quite willing and that is why I also discussed this issue when I met Narasimha Rao Sahib in all the five meetings that I held with him at various places and I also invited him to come to Islamabad so that we can also meet in each other's country, not that we have to meet only in third countries. I think the best would be to meet in Islamabad, meet in Delhi, discuss all this, because, what have we achieved after all in the last 40 years of confrontation and tension? Only we have been building up our defences—we have been spending more and more in our defence sector at the cost of our social sectors. Is this a fair policy? Are we being, as I earlier said, fair to our people?

Question: After your last meeting at Rio, there came the Foreign Secretaries meeting and I think Mr. Shahryar Khan brought your letter and the reply was about the Shimla Agreement—perhaps you mentioned this Clause 6 and the scope got narrowed. I mean there was no progress. Do you think there is scope for some sort of adjustment for that problem in that issue so that the dialogue could start within the Shimla Agreement as a whole?

Mr. Nawaz Sharif: My only point is that the dialogue must start—a dialogue will lead to something positive, I am absolutely confident it will lead to a positive development which should take place between India and Pakistan. But then, when charges come, like Pakistan is interfering in Kashmir, or is helping the freedom fighters in Kashmir, I think this is absolutely baseless. Please tell me, I am asking just as a friend, who started this movement. Is it Pakistan which initiated this movement? Is this movement not self-sustained, is it not indigenous? Pakistan wins the cricket match somewhere or wins the World Cup and it is the Kashmiri people who hoist the Pakistan flag on the rooftops, on their shops and celebrate the victory more than we celebrate here in Pakistan.

And then we also have solid proof that there is Indian hand in the clashes which have taken place in Sind and some of the bomb explosions that have taken place in Sind, resulting in the killing of so many people. So this is something which has been going on. We have arrested those people and we can produce all the evidence we have. So when these charges are brought up I think that only helps to increase the tension between India and Pakistan. So my point is that Pakistan is willing to accept neutral observers along the LOC to monitor any interference that may be going on in Kashmir.

Question: In the case of Jammu and Kashmir, two years ago or three years ago it was, Robert Gates came as President Bush's special envoy and what he said in Delhi and his information was, when our people gave him some evidence of training facilities or camps or whatever it was across the border, he said, "No, your information is not adequate. The number of such training camps is 31 and not what you have mentioned." So certain—the

international community perhaps has to some extent taken note of this factor also.

Mr. Nawaz Sharif: Well...

Question: The internal is there. The internal is not denied...

Mr. Nawaz Sharif: Yes. What is the need of lodging complaints against each other in other countries or reporting the matter to the other countries. Cannot we sit down and discuss all these issues between ourselves. Is it that impossible for us to exchange views through bilateral meetings? Is it very important that we have to go to a third country to complain against each other? It seems to have become a fashion with both India and Pakistan to complain against each other. Why cannot we sit down and look into each other's eyes and say, well, Pakistan you have done this. We can say, India you have done this. Why cannot we adopt that policy. Why cannot we adopt this strategy. Why do we have to go to others and complain against each other. This will not help. In the long run this is going to further deteriorate the relationship.

Question: In the context of this argument, the suggestion that you have made about foreign observers, how does it fit in? Your very valid stress on bilateralism, as you suggested without the help of third parties, we settle among ourselves. But then this demand, this point that you mentioned, I did hear in Pakistan about the need for foreign observers. Don't you think there is a contradiction?

Mr. Nawaz Sharif: I wanted to complete my earlier statement, earlier answer also. I would very much like to welcome you here in Pakistan to be confronted with questions about the economy, cooperation between India and Pakistan, questions about cooperation in other fields, rather than being confronted with questions that are very painful, belong to a very painful subject. So why cannot we create that atmosphere between India and Pakistan. I think this is when the press on both sides has to work. The Governments on both sides will have to seriously think about it, as to how we should make a beginning in that direction. And then of course both countries run to other countries complaining about each other. Then you are trying to get more and more MIG-29s, MIG-31s, and we are trying to get more and more Mirages and F-16s and more tanks and we want to buy more and more submarines. Where will the matter end (laughs).

Question: Is it not possible to address other issues simultaneously, like reduction in armaments, cutting the defence expenditure and other confidence-building measures?

Mr. Nawaz Sharif: That is what we should have been doing.

Question: That is what I am saying.

Mr. Nawaz Sharif: We should have been talking to each other as to how we can reduce our defence expenditure, how should we cut down our defence budget...

Question: Some self-imposed restraint on new generation equipment.

Mr. Nawaz Sharif: Absolutely.

Question: You have F-16s and we have MIG-29s. Well some sort of self-imposed restraint....

Mr. Nawaz Sharif: And we should have been sitting down discussing how to resolve our nuclear problem. So many things we can talk directly to each other. Then we keep on talking indirectly through third countries, through the U.N. or through other forums. Cannot we adopt that approach? Should we not learn lessons from others? How the cold war has ended and how have they resolved their issues? We somehow think we are living in the 19th century. How can we enter the 21st century with this approach?

Question: That's right. I left out one question about Siachen when we talked of Kashmir. Of course at the last round of Defence Secretary-level talks, one point—recording of the present line—that was sorted out. Perhaps Pakistan's suggestion was that it should be mentioned in the annexure not the main body. But then perhaps someone pointed out one proviso—that there will be no moral, political or legal right of India to have some such thing. These things, don't you think, these technicalities should be got over and at least this senseless thing should be ended?

Mr. Nawaz Sharif: A lot of things could be. A lot of issues could be resolved and, a lot of conflicts would be put to an end provided we are willing to come out of the 40-year-old positions. I think, maybe, the approach which was adopted 40 years ago by a bureaucrat should now be left behind and let the politicians now take the initiative. Probably that is one way of solving these problems.

Question: Similarly on the nuclear issue the respective positions are known. I won't restate those positions. You say unless the Indian Government signs we won't do. India says it is a bigger issue. Do you see any scope for a movement with all these differences?

Mr. Nawaz Sharif: That is what I am looking forward to. We say this to others. Pakistan speaks about its nuclear policy to others. India—either we read its statements in the press or we hear it from a third country. If we have to make meaningful progress on this subject, cannot we talk to each other as to what is your point of view and what is our point of view. Cannot we explain our points of view to each other.

Question: How do you see the relations of the two countries developing with the United States under the new administration.

Mr. Nawar Sharif: Only if we allow each other to develop those relations. (Hearty laugh) Kyon ji! I think both countries must also save the millions of dollars they are spending on hiring lobbyists in the United States (laughs again).

External Affairs Ministry Reaction

93AS0650B Madras *THE HINDU* in English 19 Feb 93
p 1

[Text] New Delhi, Feb. 18—India today reiterated its commitment to resolve "all outstanding issues including

intractable issues" with Pakistan under the framework of the Shimla accord. The spokesman of the External Affairs Ministry, however, added that Pakistan must cease active and sustained support to terrorism and subversion against India, to create an atmosphere conducive for "meaningful discussions," to begin.

The spokesman's remarks during Thursday's routine briefing here—the main theme of which was the rebuttal of a recent statement of the Pakistan Minister of State for Foreign Affairs, Mr. Mohammed Kanju—were significant in view of its Pakistan Prime Minister, Mr. Nawaz Sharif's readiness for resumption of talks as expressed in his interview to THE HINDU.

"Deeply regretting" the references to India and its internal affairs in Mr. Kanju's address, the External Affairs Ministry spokesman said that both the language and content of the Minister's references are "gratuitous, totally unwarranted and unacceptable." The inflammatory remarks are intended to raise public passions, the spokesman said. In fact, in his hard hitting remarks, the Ministry spokesman charged Pakistan of "religious apartheid" and an "adversarial complex." The Ministers remarks violated all recognised norms of inter-State conduct and good neighbourly relations, he said.

Experts Comment on Pakistan Weapons Acquisitions

93AS0653A Calcutta THE STATESMAN in English
16 Feb 93 p 7

[First paragraph THE STATESMAN comment]

[Text] Snubbed by the United States over purchase of F-16 fighters, Pakistan has, according to a trade journal, forced Boris Yeltsin to go back on his word given in India.

New Delhi, Feb. 15—Despite the recent announcement by the Russian President, Mr. Boris Yeltsin, that Russia will not supply arms to Pakistan, Islamabad is all set to acquire Russian SU-27 and MiG-29 fighters, according to reports, says PTI.

Russia will offer to sell SU-27 "Flankers" and MiG-29 "Fulcrums" to Pakistan when the country's Prime Minister, Mr. Nawaz Sharif, visits Moscow in the near future, FLIGHT INTERNATIONAL magazine reported from London.

Experts at the Institute for Defence Studies and Analyses here said Pakistan had been looking for all possible suppliers for its defence requirements, especially as it sought to bolster its fighter aircraft numbers for some time now.

They said a deal to purchase additional F-16 "Fighting Falcons" had been blocked by the U.S. Government in response to Pakistan's clandestine nuclear weapons programme.

In addition, talks with France over buying the Mirage-2000 have been stalled for months over Islamabad's inability to finance any contract and over differences of

opinion in the Pakistan Air Force [PAF] on the aircraft's ability to strike major targets in India and return safely.

Experts said if the PAF acquired the Russian SU-27, it could provide the much-needed air cover for launching an offensive deep inside India's border States.

Although the Indian Air Force (IAF) has an advantage over the PAF in terms of number and air power, it is behind the latter in certain areas of electronic counter-measure capability, both in the air and on the ground, they said.

IAF experts said the previous India-Pakistan war experience showed that the PAF preferred to attack Indian border towns and wait for the IAF to launch counter-strikes deep inside Pakistan, when they could launch a blistering attack with better Western equipment.

However, they feel that with the introduction of the sophisticated SU-27 fighters, the PAF strategy can be more "aggressive and offensive."

They said the SU-27 held 28 official world records. The aircraft was developed to escort another Soviet fighter, the SU-24, in its deep penetration strike mission. According to Western analysis, this aircraft is known for its exceptional range (4,000 km without refuelling) and manoeuvrability and carries an array of weapons, including air-to-air missiles.

China, which is another supplier of arms to Pakistan, will get SU-27 fighters this year from Russia.

With the expected additions in Pakistan's 16 combat squadrons, the PAF seems to have a better mix of U.S., Chinese and French aircraft with a much deeper penetration strike capability than it had in 1971, they said.

Commenting on the tendency of some of the nations of the erstwhile Soviet Union to sell sophisticated weapons on the international market, the experts said these countries now needed hard currency for a smooth transition from the socialist to the capitalist system.

In their effort to catch up with the West, they need the latest technology from the West, which is very costly and is paid for in dollars. Hence, the tendency in these countries, with a highly-developed military technology and arms industry, is to enter the global arms race.

Pakistan Papers Interview Indian Envoy

93AS0608A Madras THE HINDU in English 15 Feb 93
p 9

[Article by Kesava Menon: "Different Versions, Same Interview"]

[Text] Islamabad, Feb. 14—A marked contrast in the treatment accorded by an Urdu daily JANG and its sister English publication THE NEWS to a single interview granted by India's High Commissioner in Pakistan, Mr. S.K. Lambah, has been a matter of some interest. Contrary to expectations, and the usual trend, the popular JANG has displayed the interview in a more positive frame than THE NEWS, which has a restricted though

higher-brow, readership but it is difficult to ascertain whether too much meaning need to be read into this.

In his interview, Mr. Lambah had forcefully, and with a deal of alertness, put forward the Government of India's views on most of the issues which are usually raised in the bilateral context. For its part, THE NEWS (which carried the interview in a question and answer form) seemed to have stuck to the sequence in which the questions were asked and accordingly carried a headline, "Indian High Commissioner accuses Pakistan of interfering in its internal affairs."

While the same interview appeared in JANG (in running text), the Urdu publication chose to highlight the moderating elements in Mr. Lambah's presentation.

In its headline JANG carried the caption—"India has not conceived any plan to attack Pakistan; the promise to rebuild the Babri Masjid would be fulfilled, but the decision would be taken after the Supreme Court's verdict. Despite certain regrettable happenings Indian secularism is not in danger." Coming down to the main text, JANG led off with Mr. Lambah's comment that the successful bid for the World Cup had shown that close bilateral cooperation between India and Pakistan could be mutually beneficial.

Interference in Internal Affairs

While questioning Mr. Lambah as to how he would list the problems outstanding between the two countries in terms of their importance, the interviewer had mentioned the "interference in each other's internal affairs" as one of them. Quickly pointing out that it was wrong to assume that there was any interference on the part of India in Pakistan's internal affairs and that he was not aware of any such interference, the Indian High Commissioner said India considered Pakistan's interference in Punjab and Kashmir as the most important matter. Problems between the countries could be solved through bilateral negotiations and on different occasion, India had provided concrete instances to Pakistan (about such interference) and it was hoped that this would come to an end sooner than later.

Kashmir Problem

At another point the interviewer mentioned the stray suggestion that the Kashmiris be given full autonomy with Pakistan and India taking up the joint responsibility for its security. Rooting his reply in India's stand that Kashmir is an integral part of the country, Mr. Lambah pointed out that there was no question of both countries accepting the joint defence of India. However the Government of India was actively working on ways of associating the people of Jammu and Kashmir in the administration of the State.

Again, in reply to a question posed with the suggestion regarding the "Trieste model" in mind, Mr. Lambah while denying any awareness of such a proposal diverted the focus to the more immediate one of the new constraints (placed by Pakistan) on free travel to India.

Pakistan Expels Three Indian Representatives

93AS0654A Madras THE HINDU in English 18 Feb 93
p 9

[Article by Kesava Menon]

[Text] Islamabad, Feb. 17—A member of the staff of the Indian High Commission here and two staff members of the Consulate General of India in Karachi were today declared persona non grata by the Government of Pakistan and asked to leave the country at the earliest.

The Pakistan Foreign Office said the three had been expelled for indulging in activities incompatible with their functions and their mission. But a spokesman of the Indian High Commission described the move as "an unnecessary escalation and a clear retaliation for the recent cases of Pakistani officials caught red-handed while indulging in objectionable activities."

Those declared persona non grata are Mr. R.L. Khurana of the High Commission and Mr. O.P. Sharma and Mr. Anil Saha of the Consulate General. None of them is a diplomat and their posts have been described as those of "administrative assistants."

Indian action: The Pakistan Government's decision has come barely a fortnight after a member of the staff of their High Commission in New Delhi, Mr. Ashfaq, was declared persona non grata and it was announced that Mr. Ashfaq was to be flown back to Pakistan. Although it had not been made public earlier it is believed that another member of the Pakistan High Commission staff, Mr. Anjum, had also been declared persona non grata by the Indian Government in the intervening period.

At the briefing at which this decision was announced, the Pakistan Foreign Office spokesman said a strong protest had been lodged with India over the killing of fisherman in an Indian Coast Guard helicopter firing. Mohammed, the fisherman, was said to have been shot while he was aboard a trawler at Wadi Creek and the spokesman also claimed that the Coast Guard helicopter had opened fire without prior warning.

Soon after reports of the incident appeared in Pakistani newspapers senior officials of the Maritime Security Agency had said that they had no information about such an incident in Pakistani territorial waters. The Foreign Office spokesman could not clarify whether the incident had taken place in Pakistan waters. He only said that the helicopter's crew had opened fire without prior warning and that it was in violation of international practices.

Islamabad's charge: While declaring Mr. Ashfaq persona non grata the Indian Government had maintained that he had been caught while accepting documents from an Indian contact at the Sarojini Nagar market in New Delhi. But Pakistan had claimed that he had been abducted while shopping and subjected to torture. It had sought permission to send an aircraft to Delhi to bring him back. The permission does not seem to have been forthcoming though the period during which Mr. Ashfaq was first supposed to leave Delhi was extended. A

spokesman of the Pakistan Foreign Office today said the three Indians would be given adequate time to leave the country.

No specific charges have been levelled against the three Indians and High Commission sources also claimed that the Pakistan Foreign Office had violated an understanding that the expulsions would not be made public. It was in pursuance of this understanding that the Government of India had maintained silence about the expulsion of Mr. Anjum. Today when the Deputy High Commissioner, Mr. Bal Anand, was summoned to the Foreign Office to be informed about the decision he had been promised that the expulsions would not be made public, sources said. However, the Foreign Office spokesman had announced the decision to the local and foreign media within an hour of Mr. Anand's departure.

Speculation: These expulsions and counter-expulsions have taken place against the backdrop of a number of reports, so far termed "speculative," that the Pakistan Government was thinking of either asking India to close down its Karachi Consulate, or contemplating the closure of its Consulate in Bombay or reducing the strength of the Delhi High Commission. Asked to comment on these reports the Foreign Office spokesman merely said, "As you can appreciate in the current situation, especially the tensions which exist in the situation in India, it would be difficult for us to conclude that the Consulate General in Bombay would or would not remain open." Referring to an official denial yesterday of a report that Pakistan had decided to close down its Consulate in Bombay, the spokesman said that this statement would ipso facto apply to the Indian Consulate as well.

High Level Meeting To Solve Kashmir Problem Planned

*93AS0606G Bangalore DECCAN HERALD in English
15 Feb 93 p 9*

[Article: "Meeting Soon To Solve Kashmir Problem"; boldface words as published]

[Text] Jammu, Feb. 14—A high-level conference of leaders representing almost all major political parties of Jammu and Kashmir is planned to be held here later this month to find an amicable solution to the Kashmir problem.

Mr. Bhim Singh, the Panthers Party chief, who is the brain behind the plan, said the BJP [Bharatiya Janata Party] and its allies would be excluded from the meeting.

Announcing the plan here on Saturday, Mr. Bhim Singh said about 200 prominent political leaders in the State had been invited to participate in the conference, slated for February 23 and 24.

The invitees include a group of Kashmiri insurgent leaders representing various separatist groups.

Giving the names of the extremist leaders invited, Mr. Singh urged the State authorities to release them from prison to enable them to attend the conference.

Other invitees include Dr. Karan Singh, Mr. P. N. Haksar, Dr. Farooq Abdullah, Mr. P. N. Dhar, Syed Mir Qasim and former Union Minister M. L. Fotedar.

The conference is apparently designed on the pattern of the one sought to be convened by JKLF [Jammu Kashmir Liberation Front] supremo Amanullah Khan last year but failed to come off after India and Pakistan strongly opposed his move.

Mufti's View: Meanwhile, former Union Home Minister Mufti Mohammed Saeed (Janata Dal) said it was time all national political organisations joined hands to resolve the crisis in Kashmir.

He told reporters here that this would be a step in the right direction.

The Mufti recalled his party's meeting with the Prime Minister in August and regretted that nothing concrete had been done by the Centre to resolve the Kashmir row.

He said Governor G. C. Saxena, whom he met on Friday, "also favoured some political activity in Jammu and Kashmir."

Internal Affairs

Kashmir: Article Places Hope on Young Radicals

*93AS0606F Bangalore DECCAN HERALD in English
15 Feb 93 p 8*

[Article by Uttam Sen: "Hopes for the Future; Incipient Dialogue in Kashmir"]

[Text] Kashmir has been pushed to the recesses of the national agenda mostly because of New Delhi's preoccupation with its own battles. But the border State continues to be a hot-bed of intrigue and conspiracy relegated to the sidelines only because the proper conjunction of events is not materialising.

At a time when the "pro-Indian" political parties are being assiduously cultivated to establish the basis for a renewed dialogue, New Delhi's initial encouragement to the National Conference leader, Dr. Farooq Abdullah, might have appeared to be a surrender to demands for autonomy.

Rhetoric

The former Chief Minister and Congress (I) ally pitched his preconditions for an effective interface excessively high by harking back to the Instrument of Accession conceding only defence, foreign affairs and communications to the Centre.

The populist tenor in Dr. Abdullah's tone could well reflect a political has-been's attempt to rehabilitate himself by employing rhetoric which is locally in vogue. New Delhi cannot be accused of indulging his fancies—if they amounted to that—because he was urged to tone down the combustible refrain he had struck. But the possibilities of a change in the tide in Kashmir cannot be ruled out.

The Kashmiri's love of independence was displayed in the spontaneity with which he rallied behind Sheikh

Abdullah to repel the Pathan raiders in 1948. Much blood has admittedly flown down the Valley since then, but glimpses of that determination are discernible in the faith that is reposed in an independence-minded organisation like the Jammu and Kashmir Liberation Front [JKLF]—ideologically less incompatible with the Indian ethos than the other fundamentalist outfits.

Conditions have not ripened for a bilateral dialogue between New Delhi and such organisations yet, leave alone the acceptance of the idea mooted internationally for a three-way exchange between India, Pakistan and the Kashmiri rebel leaders. But possibilities still exist for a climate to develop in which a settlement based on consensus can be arrived at.

The signal has clearly gone out for a discussion on subjects which would have been considered out of bounds earlier. Dr. Abdullah had included in his agenda the release of political prisoners and the withdrawal of the Army from Kashmir.

The Prime Minister has himself guaranteed that the perpetrators of the Sopore outrage—in which a large number of Kashmiris perished early in January—would be punished and the inquiry into the incident expedited. Such explicit assurances from the top deserve to be accorded the credibility they merit rather than be discounted as routine palliatives which will never be honoured.

For its part, New Delhi could eventually display more alacrity than it has in the past over the lapses of its security forces to reassure the inhabitants of the Valley that such aberrations do not have official sanction or the approval of the Indian mainstream. As things stand, however, there are two conflicting, mutually-exclusive points of views. Parties from the independence to the secessionist end of the spectrum still differ on basics.

Pressure on Pak

The question that needs to be addressed is whether such irreconcilable positions will persist indefinitely. There are indications that they will not. The international pressure that is being brought to bear on Pakistan would not have been conceivable a few years ago. It is also true that the official Indian point of view—regarding the inalienability of Kashmir—is not readily endorsed either. But the merits of India's crucial argument that violence has been kept alive by external inspiration—is gradually gaining acceptance.

The development is important because it underpins the essence of the liberal Indian view on Kashmir. Indian public opinion, better informed and less fettered by the restraints of a closed theocratic State, does not generally question the inequities that were perpetrated by stooge regimes in the Valley which had creamed off much of the largesse that was being siphoned into the border State.

Acceptance

There is also an acceptance of the harm done by rigged elections following which Kashmiri youth trooped across the border in despair. But the cynical uses they were put to by the authorities on the other side are also coming to

light. Subversion did not remain their only pre-occupation as they developed into conduits for the lethal drug and arms trades.

The erosion of their integrity and morale was inevitable and tales of their misdemeanours are now being heard. But unlike in Punjab, their alienation from the Kashmiri milieu has not been acute enough for the latter's reconciliation with non-Kashmiris (ethnically, the distance with Pakistanis settled in Occupied Kashmir is also significant).

The release of political prisoners and the withdrawal of the Army are necessary conditions for a return to normality and could occur in more propitious times. Buffeted between the high-handed patronage of Pakistan's Inter Services Intelligence [ISI] and the counter-action by the Indian security forces, the yearning for independence was bound to get accentuated.

In a sense the new mood was beginning to reflect disenchantment with Pakistanis, till the incident at Sopore revived old wounds. Unless there are mitigating factors—or misreporting about the Border Security Force's [BSF] excesses—it would be prudent to ensure from an Indian point of view that the misgivings against Pakistan are not allowed to be submerged by fresh indiscretions by the security forces.

India's slate on harbouring or nourishing foreign dissidents is now clean and it can argue with more consistency and conviction than before that it will not accept the terms of political discourse in which external imprints are visible.

New Delhi, as much as the inhabitants of the Valley, needs time and peace to arrive at definite conclusions. For, if international pressure can be brought to restrain acts of provocation from across the Line of Control in Kashmir, the withdrawal of the Army and the chastening of unruly sections among the security forces would become practicable propositions. And if the present Government can survive the onslaught of extreme tendencies, its even-handed style would suit a future elected regime in Srinagar more than the arbitrary diktats which emanate from Islamabad.

The political vacuum which would be created by a hypothetically enforced Indian withdrawal from Kashmir would serve little purpose—and might even turn out to be counter-productive—if fundamentalist zealots overran the State and were in turn resisted by Kashmiris who have made it clear from 1948 that they want to be the arbiters of their own destiny. The space that exists within the Indian federal system for diversity, and even a degree of dissonance, is unmatched in South Asia, as would be evident if the course of its contemporary political development is viewed with impartiality.

Catalysts

If Kashmir's youthful radicals were to turn around and seek concrete stakes in the Valley's political processes they are likely to be welcome. They could also emerge as creative catalysts of political change in the subcontinent which is undergoing a period of unprecedented flux.

White Paper on Ayodhya Summarized

93AS0640A Madras *THE HINDU* in English 25 Feb 93
p 9

[Quotation marks as published]

[Text] New Delhi, Feb. 24. The Government's White Paper on Ayodhya pointedly accuses the Sangh Parivar affiliate, the Vishwa Hindu Parishad [VHP], of deliberately disrupting the course of the negotiations on the Ayodhya dispute to prevent the expected reference of the dispute to the Supreme Court and thus dragging the matter into confrontation.

On October 3, 1992 the Home Minister presided over the resumed negotiations that had first been started under the Chandra Shekhar Government. Various controversies had been settled at several meetings and the next meeting was to be held on November 8 when 'crucial decisions were expected.' It was then that during the Dharam Sansad from October 29 and 31 that the VHP announced the call for resumption of 'karseva' from December 6.

"The guiding principle followed by the Government of India on the contentious Ram Janmabhoomi-Babri Masjid dispute was to leave no stone unturned in the search for an amicable settlement. Herculean efforts were made in this direction after the Prime Minister's statement in Parliament on July 27," the Paper states. It gives an account of how up to November 30 the Prime Minister held discussions with the U.P. [Uttar Pradesh] Chief Minister and suggested enlarging the jurisdiction of the Supreme Court under Article 138 of the Constitution which would have enabled an agreed formula for expediting final judicial determination by the Supreme Court. "The Chief Minister did not agree to this.

Plans drawn: The Government then drew up its plans and also considered the dismissal of the State Government and got ready a contingency plan for this event. However, the Paper explains, that fear of demolition of the disputed structure in the event of the State Government's dismissal led the Government to abandon this alternative. Also it was felt that "there was no valid reason to believe that the solemn assurances given (by the BJP [Bharatiya Janata Party] leaders) to Parliament, the Supreme Court, the National Integration Council, the Central Government and to the people of the country by a democratically elected Government, sworn to uphold the Constitution, would be broken, the Paper adds.

The Government then placed Central forces at the disposal of the State Government, positioning them around Ayodhya for easy and quick availability despite protests by the state Government.

The Paper describes the December 6 event in the strongest language. "The perpetrators of this deed (of demolition) struck not only against a place of worship but also at the principles of secularism, democracy and the rule of law enshrined in the Constitution... a few thousand people managed to outrage the sentiment of millions of Indians of all communities who have reacted to this

incident with anguish and dismay," the Paper says. Yet what happened on that day "was not a failure of the system as a whole, nor of the wisdom inherent in the Constitution, nor yet the power of tolerance, brotherhood and compassion that has so vividly informed the life of Independent India."

It was, as the Supreme Court observed on that day "a grave situation has emerged by the developments that have occurred owing to the violations of the undertakings and assurances given by the State Government to the Court. It is a great pity that a constitutionally elected Government could not discharge its duties in a matter of this sensitivity and magnitude."

Irony: The Paper points out that "it was ironical that the Ram Chabutra and Kaushalya Rasoi which continued as places of worship (of the Hindus) during the Muslim and British rule disappeared along with the disputed structure at the hands of people professing to be devotees of Lord Ram."

The details of the specific assurances about the safety and security of the structure given by the Uttar Pradesh Chief Minister to the NIC [National Integration Council], to Parliament and to the Supreme Court in affidavits have been listed. The documents exchanged between the two parties to the dispute during negotiations have been given and a picture emerges about how the matter could have been amicably given to the Supreme Court for a reference if the "karseva" had not been announced.

In view of this the document voices the Government's suspicion of a "deep seated conspiracy" and its resolve of getting to the roots of it and bringing the culprits to book.

It also lists the contradictory stands taken by the Uttar Pradesh Government in the courts. On April 1, 1992, the State Government said in an affidavit to the High Court that "all the development work (in the disputed complex) is to be completed according to the decision of the Government from public funds in accordance with plans approved by the Government." However, when construction work started during the July "karseva" the State Government took the stand during the contempt proceedings in the Supreme Court that "this construction work was neither approved by the State Government nor any help given for it by the State Government," the Paper states.

Not a matter of dispute: Moreover, never had the safety of the structure been a matter of dispute between the Centre and the State Governments. The BJP had again and again reiterated its total commitment to the safety of the structure. But the Paper also admits later that 'hints' were given through various statements that the structure could be in danger if the Centre were to do something 'provocative.' It was those threats and hints that made the Government give up the path of dismissing the State Government before December 6, the Paper states.

On November 24, as the 'kar-seva' day was approaching, the Centre began stationing paramilitary forces around

Ayodhya. As many as 195 companies were stationed and they were fully prepared to deal with any untoward incident as they were equipped with teargas, rubber bullets, plastic pellets and over 900 vehicles. The force included women CRPF [Central Reserve Police Force] companies, NSG [National Security Guard] commandos and bomb disposal squads and sniffer dogs. They were kept on total alert to be made available to the State Government as soon as required.

But the events of December 6 proved them ineffective. As the preparations for 'kar-seva' were complete, minutes before noon 150 persons broke through the police cordon around the structure, regrouped and started pelting stones at the police... within a very little time around a thousand persons broke into the RJB-BM [Ram Janmabhoomi-Babri Masjid] structure... around 12-20 p.m. about 80 persons had managed to climb the structure and started damaging the domes. At this time the crowd in the complex was around 25,000 and by 2-40 p.m. it had increased to 75,000. Even while this criminal activity was going on, the Paper states, the police remained mute spectators 'ostensibly under instructions from the Chief Minister of Uttar Pradesh.' The State Government's dereliction of duty was because of orders of the Chief Minister of UP not to use force, the Paper states.

Karunanidhi Rules Out Alliance With Congress

93AS0605F Madras INDIAN EXPRESS in English
18 Feb 93 p 5

[Article: "No Truck With Cong, Says Karunanidhi"; quotation marks and boldface words as published]

[Text] Erode—Dravida Munnetra Kazhagam [DMK] president M. Karunanidhi has ruled out the possibility of any alliance with the Congress(I) in the wake of the latter's strained relationship with the All India Anna Dravida Munnetra Kazhagam [AIADMK].

Talking to newsmen at Komarapalayam on Wednesday, the DMK chief said his party was still part of the National Front [NF] though it maintained its independence on some issues. It had no reason to break away from the NF.

Asked whether the present relationship of DMK with the other partners of the NF would continue, Mr. Karunanidhi shot back: "Why not?"

Mr. Karunanidhi said the PMK [Pattali Makkal Katchi] chief had said that he (Dr. Ramdoss) viewed both Jayalalitha and Karunanidhi the same way and therefore there could be no meeting ground between DMK and PMK.

Asked if he anticipated any midterm poll to the state Assembly or the Lok Sabha, the former Chief Minister said there were indications towards that end.

'Both guilty': He ridiculed both the AIADMK and the Congress(I) for conducting agitations against each other on the price issue. He said the fact that both were blaming each other for price-rise proved that both were guilty.

He hinted that the DMK was thinking of an agitation against the railways and the state transport corporations. The date of the agitation would be announced in consultation with fraternal parties.

Regarding the allegation that during the DMK regime, teachers had not been recruited properly, Mr. Karunanidhi retorted that it was only during the DMK rule teachers were recruited on seniority basis from the employment exchange. Now teachers were being appointed on the basis of bribes, he alleged.

Referring to the move to close down 'street-bars' by the state government, Mr. Karunanidhi suspected that it was a ruse to pressurise brandy shop-keepers. Once the amount was collected, he was confident that the bars would continue.

Mr. Karunanidhi alleged widespread interference of the AIADMK in government affairs and said the Chief Minister herself had advocated at the last meeting of the AIADMK general council that partymen and legislators of the party share government contracts and tenders.

The DMK chief was given a rousing reception at the Erode railway station on Wednesday morning.

Congress Loses Seats in Meghalaya, Gains in Nagaland

93AS0605D Bangalore DECCAN HERALD in English
18 Feb 93 p 1

[Article: "Cong Loses Ground in Meghalaya, Leads in Nagaland"]

[Text] Shillong, Feb. 17 (PTI & UNI)—Meghalaya Chief Minister D.D. Lapang led a string of ministerial defeats as the faction-ridden Congress (I) lost ground to an Opposition conglomeration in Meghalaya but gained an impressive lead in Nagaland as counting progressed in the two North-Eastern states.

Mr. Lapang was humbled in his home constituency of Nongpoh (ST) while nine of his Cabinet colleagues were defeated elsewhere in Meghalaya where the Congress (I) could win only 13 of the 37 seats declared till late tonight.

The Meghalaya Federation won 14 seats while the All Party Hill Leaders Conference won two. Independents notched up victories in 8 constituencies.

Mrs. Maysalin War was trounced by just 53 votes by her nearest rival of the HSPDP [Hill State People's Democratic Party], a partner of the Federation, Mr. H. Ledishon Nongsiang from the Mawthengkut reserved seat.

The Education Minister, Mr. P.G. Momin was trounced by 1,504 votes by his nearest independent rival, Mr. Sujit Sangmaat at the Rongjeng seat.

The Congress (I) nominee Mr. Archibold Sangma defeated the Industries Minister, Mr. Mountbatten

Sangma, who contested as the candidate of the Meghalaya Progressive Peoples Party (MPPP) after being denied ticket by the Congress (I), by 1,737 votes in Dalu (ST).

Minister Loses

The Co-operation Minister, Mr. Armison Marak who fought the election as a candidate of the APHLC-A [All Parties Hill Leaders Conference] after failing to get the Congress (I) ticket lost to Mr. Admiral Sangma of the Congress (I) by only 82 votes in Dalamgiri (ST) constituency.

| Party Position | |
|------------------|----|
| Nagaland | |
| Total seats | 60 |
| Declared | 13 |
| Congress | 09 |
| NPC | 02 |
| Independents | 02 |
| Outstanding | 34 |
| Meghalaya | |
| Total seats | 60 |
| Seats declared | 32 |
| HSPDP | 05 |
| HPU | 04 |
| PDIC | 02 |
| APHLC (A) | 02 |
| Congress (I) | 11 |
| Independents | 08 |

The Agriculture Minister, Mr. Chesterfield Marak, who also was refused the Congress (I) ticket and contested as the MPPP nominee lost to his nearest Congress (I) rival, Mr. Adolf-Lu-Hitler Marak by 2,595 votes at Rangsa-kona seat.

Mr. Tubarlin Lyngdoh (HSPDP) beat Mr. D. R. Lyngdoh (Cong-I) by 3,565 votes in Pariong constituency. HSPDP retains the seat.

Mr. Hoppingstone Lyngdoh (HSPDP) beat Mr. H. N. Diengngan (Cong-I) in Nongstoin constituency. HSPDP retains the seat.

Dr. Dongkumar Roy (Ind) beat Mr. G. Granderson Syiemlieh by 740 votes in Shella constituency.

Mr. Masonsing Sangma (Cong-I) beat Mr. Clifford Marak (HPU) by 14,444 votes in Chokpot (ST) constituency.

Counting was taken up only in 48 constituencies in Nagaland as a repoll was held today in 16 polling booths spread over 11 constituencies.

The repoll was adjourned in a booth in the Arkakong constituency after supporters of a party burnt down the booth.

Hokishe Defeated

In Nagaland the Congress (I) suffered a jolt when former Chief Minister Hokishe Sema was defeated in the Dimapur-One constituency.

Former Deputy Chief Minister I. Kheheto (Cong-I) was humbled by independent candidate Kakheto in the Akuluto constituency. Assembly Speaker Thenucho was also among the losers.

The Congress (I)s winners included Mr. O. Tingkap Wangao (Tizit) and Mr. H. Chuba Chang while the NPC [National Political Conference] victors included Mr. Shurhi-U from the western Agami constituency.

Repoll Dull

Repolling in 16 six centres of 11 constituencies in Nagaland began on a dull note at 7 a.m. today with persistent drizzle and foggy weather providing a gloomy background.

Chief Electoral Officer Lalhuma said that a violent mob attacked a school building at a village of Mokokchung district as repolling was on.

Initial reports received here said that the turnout was low compared to the enthusiasm that marked the February 15 eighth Assembly election that recorded a high percentage of voting.

On the basis of reports from central observers and returning officers, repolling is being held in four polling stations of Tuli constituency, two each in Wokha and Bhandari and one each in northern Angami II, Chizami, Arkakong, Sanis, Tapi, Tehok, Mon and Noklak.

The constituencies are spread over Kohima, Tuensang, Mokokchung, Wokha, Mon and Phek districts. About 10,000 thousand voters are to exercise their franchise.

Congress (I) Forms Plan to Combat Communalism

93AS0651A Madras THE HINDU in English 18 Feb 93 p 6

[Quotation marks as published]

[Text] New Delhi, Feb. 17—The much-awaited Congress(I) 'action plan' to fight communalism and promote national unity and harmony has proved to be a damp squib with the party failing to spell out anything concrete and new.

The highlight of the one-and-a-half page document listing the short term and long term strategy of the party to mobilize popular opinion against the communal forces relates to the decision to organise 40 public meetings in February and March in different parts of the country.

The decision in effect marks a retreat from the earlier announcement that the 40 public meetings would be held before the commencement of the budget session of Parliament (February 22) in a bid to counter the

Bharatiya Janata Party's [BJP] propaganda prior to its February 25 rally which has been banned.

The CWC [Congress Working Committee] after nine and half hours of debate on the subject had entrusted the task of finalising the 'action plan' to three senior party leaders—Mr. Sharad Pawar, Mr. Ghulam Nabi Azad and Mr. N.D. Tiwari. The inexplicable delay, nine days after the CWC concluded its deliberations, in finalising the action plan also contributed to the disappointment over the plan.

Without spelling out details the plan under the category of 'long-term strategy' talked of a massive campaign to be launched at the national and state levels.

Seminars with the participation of secular parties, intellectuals and eminent personalities in all major cities of the country, monitoring committees at the AICC [All India Congress Committee] and PCC [Pradesh Congress Committee] levels to oversee implementation of relief measures for riot-affected, a national seminar on the "Challenges Before the Nation" in New Delhi in March and a programme from April 7 to April 22 to observe the birth anniversary of Dr. Ambedkar highlighting the "destruction by the BJP of the Constitution given by him" are part of the short term strategy advocated in the action plan.

Countrywide fortnight-long seminars from June 25 to July 25, highlighting the achievements of the Government: constitution of village Congress committees, committees to study and suggest measures to involve the Scheduled Castes and Scheduled Tribes, Backward Classes, minorities and youth in Congress programmes and formulation of a strategy to carry more benefits to the weaker sections of society are part of the long term strategy in the action plan.

Significantly the plan does not refer to some of the suggestions made by the Union Human Resource Development Minister, Mr. Arjun Singh, for tough measures against the communal forces. Among the measures advocated by Mr. Singh for consideration of the CWC included clear guidelines from the Government to contain the activities of communal forces, investigation against known communal outfits and front organisations of the BJP, help from known secular forces and a commission to set right the distortion in various fields in the four former BJP ruled States.

Congress (I) Wins in Nagaland, Meghalaya
93AS0652A Calcutta THE TELEGRAPH in English
19 Feb 93 p 1

[Article by Sudipta Bhattacharjee]

[Text] Shillong, Feb. 18—The Meghalaya PCC [Pradesh Congress Committee] chief, Mr. Salseng C. Marak, seemed set to be sworn in as the next chief minister after the Congress(I) emerged as the single largest party today winning 24 seats in the 60-member Assembly.

In Nagaland, the Congress(I) secured a majority in the 60-member Assembly by bagging 34 of the 55 seats declared. The Nagaland Peoples' Council (NPC) claimed 15 seats while Independents got six. The BJP [Bharatiya Janata Party], which fielded six candidates, drew a blank.

In Meghalaya, the AICC [All India Congress Committee] observers, Mrs. Margaret Alva and Mr. P.M. Sayeed, said in Shillong today that the party MLAs [Member of Legislative Assembly] would formally elect a CLP [Congress Legislature Party] leader tomorrow. The observers said some like-minded parties and Independents had offered their support to the Congress(I) in forming a government in the state.

However, the Opposition leader, Mr. B.B. Lyndoh, contested the Congress(I) claim and said, "With 24 seats, the Congress(I) cannot sit in the Assembly for a day."

A high-level AICC delegation comprising Mr. V.C. Shukla and Mr. K.P. Singh Deo was expected here later today for consultations with state leaders on the election of a CLP leader. The Union minister of state for labour, Mr. P.A. Sangma, is already camping here.

Prominent among the winners today were Mr. Salseng C. Marak and the industries minister, Mr. R.C. Laloo. The other ministers who retained their seats were Mr. J.D. Pohrmen, Mr. Atul C. Marak and Mr. Lotsing A. Sangma.

The much-fancied Meghalaya Federation comprising the Hill States Peoples Democratic Party (HSPDP), the Hill Peoples Union (HPU) and the Peoples Demand Implementation Convention (PDIC) bagged 20 seats, while 10 Independents were returned along with two Meghalaya Progressive Peoples Party (MPPP) nominees. The All Party Hill Leaders Conference (A) chipped in with three.

The Congress(I) established its supremacy in the Garo Hills, stated to be the party's stronghold, by winning 14 out of the 24 seats in the three Garo Hills districts.

The election was also marked by many upsets as a total of 15 ministers of the outgoing ministry, including the chief minister, 12 legislators of the outgoing House and the deputy Speaker of the Assembly tasted defeat.

Of the seven women candidates who contested the polls, only Mrs. Roshan Warjri could manage to win. She defeated the urban affairs minister, Mr. Friday Lyngdoh, in the Mawkher seat.

Party Position

| | |
|-------------|--------|
| Meghalaya | |
| Total Seats | 60 |
| Declared | 59 |
| Congress(I) | 24(22) |

| | |
|---|--------|
| HPU | 11(19) |
| HSPDP | 7(6) |
| PDIC | 2(2) |
| APHLC(A) | 3(2) |
| MPPP | 2(0) |
| Independents | 10(9) |
| Result in Nongbah-Wahiajer has been withheld | |
| Figures in brackets show party strength in 1988 | |
| Nagaland | |
| Total seats | 60 |
| Declared | 55 |
| Congress(I) | 34 |
| NPC | 15 |
| Independents | 6 |

CM Submits Resignation

Meanwhile, the defeated chief minister, Mr. D.D. Lapang, submitted his resignation to the Governor, Mr. Madhukar Dighe, today.

Repoll Ordered

The chief electoral officer ordered repoll in the Samatan booth of the Nongbah-Wahiajer constituency in the Jaintia Hills following the discovery of excess ballot papers while counting. According to the order, repolling will take place tomorrow from 7 am to 5 pm. A total of 384 voters will exercise their franchise.

Naga Contender

Speculation was rife in the Congress(I) camp in Nagaland that the former chief ministers, Mr. K.L. Chisi, re-elected from Atoizu, and Mr. S.C. Jamir, who won from Mokokchung, were the contenders for the chief ministership.

Mr. Jamir recorded the most convincing victory by retaining his seat by a margin of 4,498 votes. His nearest NPC [National Productivity Council] rival finished with only 86 of the 4,671 valid votes.

The Congress(I) maintained a lead right from the beginning and consolidated the position with the victories of Mr. Jamir, Mr. Chisi and the former Speaker, Mr. Chongsen Chang.

In Ghaspani Ne, the largest constituency in the state, the former PCC chief, Mr. Shikiho Sema, won by a margin of 8,250 votes.

The NPC also witnessed mixed fortunes with the defeat of the former Speaker, Mr. Thenucho, and the victory of the former chief minister, Mr. Vamuzo.

The results showed that the Congress(I) gained as many as 13 seats and retained a dozen while the NPC wrested seven and stood ground in only seven of its constituencies.

In a string of upsets the Congress(I) lost eleven seats—three of which went to Independents contesting after

being denied Congress(I) tickets. The NPC, on the other hand, lost 14 of its seats to the Congress(I) and two to Independent candidates.

The NPC, which had formed two governments between May 1990 and April 1992 after the downfall of the Congress ministries, fared poorly in many places with its candidates finishing even third.

Two former Congress(I) stalwarts, who fought as Independents, were elected. While Mr. Vikishe Sema defeated the former chief minister, Mr. Hokishe Sema, by 137 votes, the former PCC general secretary, Mr. K.V. Pusa, unseated the former minister, Mr. V. Sakhrio.

Observers Named

In New Delhi, the Congress(I) high command named the Union ministers, Mr. Jagdish Tytler and Mr. A.K. Antony as observers for the election of the CLP leader in the state.

A repoll has been ordered tomorrow in a centre at Chungtugiya village in Arkakong constituency following yesterday's violence in which miscreants burnt down a school building.

Economic Policy Pursued by Rao Angers CPM

93AS0605E Madras *INDIAN EXPRESS* in English
18 Feb 93 p 9

[Article: "CPM (Communist Party of India-Marxist) Feels Let Down by Rao Government"]

[Text] New Delhi—As the Congress has shown no inclination to build bridges with the Left parties and seek their support during the crucial Budget session of Parliament beginning on Feb 25, the CPM [Communist Party of India-Marxist] in a revised strategy has decided to oppose the Narasimha Rao Government and even vote against if the budget proposed no change in the economic policies.

With barely few days remaining for the Budget session to begin, the beleaguered Prime Minister, Mr. P.V. Narasimha Rao, has made no efforts to open channel of

communication with the left parties as was expected in the aftermath of the Dec 6 incidents in Ayodhya.

"We will oppose the budget if the Government failed to make changes in its economic policies," said Mr. Sitaram Yechury, a politburo member of the CPM. As of now there was no indication of any change but "we will wait for the Budget to come to make further comments," he said.

Obviously, the CPM which expected the Narasimha Rao government to go slow on the process of economic reforms, as it could not altogether jettison it, after the Ayodhya crisis has concluded that Mr. Rao is not in a mood to oblige. The CPM feels let down by the attitude of the Congress and its Prime Minister, especially after it had assured all support to Mr. Rao as a quid pro quo for a handline against the BJP [Bharatiya Janata Party] and softening of IMF prescriptions on economic reforms.

The CPM will be chalking out its detailed strategy to be adopted during the budget session at the two-day meeting of the politburo which began here on Wednesday. It is expected to come out with a hard line against the Congress.

Mr. Sunil Maitra, a member of the politburo, said his party would oppose and vote against the budget, if there was no change in the direction of the economic policies, whatever may be the consequences. Of course, the party did not want election but the survival of the Government was not its headache.

Mr. Sitaram Yechury felt the Rao government was sitting pretty for two reasons. First, it was confident of sailing through the Budget session without support from the left parties.

Secondly, the Government felt that its economic reforms had gone too far and it was irreversible. Even without the AIADMK [All India Anna Dravida Munnetra Kazhagam], the Rao government was confident of mustering a workable majority in the Lok Sabha.

That was why the Congress which had activated a channel of communication with the left parties in the wake of the Dec 6 incidents had later withdrawn in its shell.

Besides, some concessions on the front of the economic policies, the CPM had asked the Government to launch all out campaign against the BJP even as it turned down the Congress proposal to form a secular front or even share platform with it.

Rao Facing Fierce Competition Within Congress(I)

Arjun Singh Leads Competition

93AS0672A New Delhi INDIA TODAY in English
28 Feb 93 pp 30-33

[Article by Inderjit Badhwar and Yubaraj Ghimire:
"Battle for the Party"]

[Text]

New Power Centres Have Emerged in the Congress(I) To Challenge Narasimha Rao as Arjun Singh Forces Him and the Party To Confront the BJP [Bharatiya Janata Party]

Arjun Singh has emerged as a formidable contender in the post-Tirupati battle for the hearts and minds of Congressmen. Following the marathon two-day CWC [Congress Working Committee] meeting held at the prime minister's residence, P. V. Narasimha Rao scored no more than a technical victory. The committee resolved that the one-man-one-post formula being pushed by Rao's detractors under which he would be forced to relinquish the post of party president did not apply to the prime minister. And they agreed to convene an AICC(I) [All India Congress Committee] session in late March rather than this month as the dissidents had demanded. The real battle has merely been postponed.

Singh may have been outnumbered in the CWC but he was not out-manoeuvred. In fact the more important victory—the psychological one—was clearly his. He survived the CWC sessions—in which he criticised the leadership—with his party membership and cabinet ministership intact. But most important, he managed to force the debate on his pet agenda: the Government's failure on the Ayodhya issue and inability to cope with the BJP's challenge. And in an even more blatant act of defiance, he refused to endorse the party's official line on Ayodhya by dissociating himself from the three-man team that was to present the Government's white paper on the events leading to the demolition of the mosque. This was his most loaded message to the party—that he would not accept a position paper, prepared by the PMO [Prime Minister's Office], that blamed only the BJP while glossing over the Government's sins of omission and commission; that Rao has a lot of explaining to do. He also forced the CWC to adhere to a two-day deadline in which to present an action plan to counter the BJP's challenge. And pressurised Rao into accepting the dissidents' demand for banning the BJP rally in the capital.

Taken together, these actions for the time being have established Singh as the rallying point for rank-and-file dissenters and given individuals with gripes on different issues a well-focused line of attack and a cause: that the party's survival—as well as that of the leader—rests on Rao's ability to fashion an effective anti-BJP response.

No one expected—least of all Singh—that Rao would be embarrassed, leave alone ousted as party chief at the CWC session. The numbers in the 17-member body are clearly stacked in his favour. What is significant is not that Rao was not embarrassed but that Singh survived. In fact, the summoning of the CWC was in direct reaction to the dissidents' call for an early meeting of the AICC(I) [All India Congress Committee]. The CWC was a testing ground for the battle that lies ahead within the 900-member AICC(I). If Rao were able to humble, humiliate, or dump Singh at the CWC meeting he would comfortably be able to evade any challenge to his leadership at the forthcoming AICC(I) meeting. Instead,

Singh was able to use this party forum, dominated by the prime minister's men, and force the debate on his agenda.

The anti-BJP action plan for 40 Congress(I) rallies released within two days after the session concluded was a vindication of a line of action on which Singh has staked his political career. At the Tirupati session in April 1992, he had forced a reluctant Rao to endorse a pledge to fight the BJP as a communal party and committee the Congress(I) to evolving a clear strategy. When there was no follow-up, Singh wrote a well-publicised letter in July 1992 to Rao's political secretary, Jitendra Prasad, reminding him of the party's commitment. He received no response. That he was able to persuade the party to come out with an action plan within two days after the CWC showdown, when he had not been able to budge it for seven months on the issue, spoke volumes for the emergence of Singh as a serious alternative power centre. And the new action plan—no matter that it has now been prepared by the high command—will widely be seen as his handiwork and will consolidate his position firmly as the Congress(I)'s most consistent ideologue.

The high command felt uncomfortable in attacking or dislodging him for several reasons. Singh, after all, was simply reminding his leader that he party was duty-bound to follow the writ of the Tirupati session's anti-BJP plank. Also, the one-man-one-post demand, he reminded Rao, sprang from Rao's own promise at Tirupati that he would voluntarily abjure one post within 45 days after the AICC(I) session, but had not done so. This was not a new tactic. When a Congressman revolts he does so usually not by unilaterally thrusting his own programme down the leadership's throat but by sanctimoniously reminding the leadership to honour its own pledge. Kamalapati Tripathi, Pranab Mukherjee and V. P. Singh had similarly raised issues of inner-party democracy and fighting corruption as Rajiv Gandhi's own commitments at the historic Bombay AICC(I) session in 1986. But all of them paid dearly for their rashness.

Arjun Singh did not. First, because he is a master of correct timing and rarely makes a move without gauging the mood in the party. And second, because Rao's camp, given the post-Ayodhya situation was uncertain of its real strength in the AICC(I). In this respect even the CWC's resolution allowing Rao to hold both posts was a meaningless victory because the AICC(I) session can overrule the CWC decision if members decide to raise the issue. In that sense the message from the dissidents to Rao is clear: implement the action plan against the BJP, and show your leadership or you will be challenged at the AICC(I) session.

And it was not as if Rao and his supporters had sat by complacently. They had tested their strength. A series of backroom manoeuvres to cut the Thakur down to size were made in earnest. But Rao's party managers got the message that even though Singh may have the direct vocal support of a dozen or so leaders, partymen by and large, even those considered hostile to Singh or allied with other camps, were in no mood to dump him at this stage at the risk of a party split or a mid-term election in

which they do not want to be led by a man who so far has not demonstrated a strong resolve.

At first, Rao opted for a direct assault. Just before the reshuffle he proposed to replace Singh in the Cabinet with Govind Narain Singh, an influential Thakur from Madhya Pradesh and Singh's foe for two generations. But his advisers cautioned against such a confrontation and suggested that Singh be "counter-balanced," rather than removed, with senior partymen like Pranab Mukherjee and Dinesh Singh.

Beneath the surface calm of Rao's supporters bubbled concerted anti-Singh action. Five of Rao's trusted Brahmin aides—V. C. Shukla, Bhuvanesh Chaturvedi (both ministers), Jitendra Prasad (officer on special duty to Congress president) and Devendra Dwivedi (additional solicitor-general) and Narain Dutt Tiwari—who had been "won over" by his recent induction into the CWC were asked to gauge whether senior partymen were ready to attack Singh. Prasad contacted all Congress chief ministers, legislature party leaders and PCC [Pradesh Congress Committee] chiefs except that of Madhya Pradesh since he happens to be close to Singh, and asked them to denounce Singh for his "anti-party activities." But only four—Jagannath Mishra and Hidayatullah Khan (Biha), Bhajan Lal (Haryana) and Beant Singh (Punjab) were willing.

In a parallel exercise, Maharashtra Chief Minister Sudhakar Naik hosted a lunch for eight Congress(I) chief ministers on February 8 at Maharashtra Sadan in New Delhi, seeking their formal support for Rao and received an unprecedented rebuff. The group threatened that it would call for his own (Naik's) resignation if he went ahead with the move. And the answer that V.C. Shukla received from B.P. Maurya, the influential Harijan AICC(I) member from Uttar Pradesh, in his quest for support for Rao will probably go down as a classic in dissident lingo: "I will accept even Khandekar (secretary to the prime minister) as our party president." And a defiant and disgruntled M. L. Fotedar wrote a letter to Rao asking why he had not honoured his promise to relinquish the organisational post within 45 days after Tirupati.

Nor did direct assaults on Singh silence him during the CWC session. When Rao supporters, led by Sitaram Kesari, Bhajan Lal and Beant Singh insisted on his resignation, Singh walked out of the meeting and, ironically, had to be persuaded to return by his revival Sharad Pawar who also chided Kesari for his behaviour. But Singh did not flinch in airing his criticism. He declared at one point: "This Working Committee (during the Gandhi-Nehru period) had given the call to "Do-or-Die" and "Quit India" but today we do not even know what to do."

But all this is really a countdown to the impending AICC(I) session. Even though the dissidents have collected some 240 petitions from members seeking to requisition an early session—thus demonstrating considerable clout—the situation is still fluid because those who represent state party units, although broadly allied

with state level groupings, have not really chosen any national leader of stature to ally with.

Many of them consider themselves dissidents only because of factional fights with their state leaders and will jump the gun only to the extent of benefit to self. And even though they may identify with Singh as the main fount of dissidence, they are aware that Tiwari and Pawar, though tactically in Rao's camp for the moment, are also competing power centres.

Uttar Pradesh, for example, is considered a dissident state. But most of the dissidents are not necessarily pro-Singh. Their ire is directed against Rao for supporting the lightweight PCC [Pradesh Congress Committee] chief Mahabir Prasad and keeping Tiwari dangling in the wilderness and not allowing a credible leader to emerge in Uttar Pradesh to challenge the BJP. They feel ignored and rejected by what they call a "southern contempt" towards the northern politicians. To make their presence felt, they would like to back a Rao detractor, if it makes a difference. For the time being, however, they are assessing which horse to back against Rao. Most of them would back a change of leadership at the Centre in the hope that any successor to Rao would deal with an Ayodhya situation more effectively.

Madhya Pradesh probably shows the clearest divide that will manifest itself at the AICC(I) session with the pro-Rao lobby led by the Shukla brothers and the pro-Singh lobby led by state party chief Digvijay Singh at loggerheads. The Scindia faction can no longer be taken for granted as pro-Rao and remains a grey area. And even though there are as yet no signs of dissidence in Andhra Pradesh, an anti-Rao lobby could develop even here for reasons unconnected with the BJP.

Member of Parliament Dr. Y.S. Rajasekhara Reddy leads a small group of MPs and MLAs who are opposed to Chief Minister K. Vijaya Bhaskara Reddy. But they remain pro-Rao for the present. And former minister P. Shiv Shankar, who is in the forefront of the dissidents, does not have many backers in the state. Party MLAs and others who may be disillusioned with Bhaskara Reddy are likely to back a pro-Singh lobby only if Rajasekhara Reddy was to come out in the open against Rao.

Wait and watch is the tactic being adopted by the Rajasekhara Reddy faction. It will expect Singh to come out if he plans to be a serious threat to Rao. As one MLA opposed to Rao says: "If Arjun Singh does not take the battle to the streets why will anyone stick his neck out and risk his political future?"

It is the same story in West Bengal. While dissidence against Rao has not taken concrete shape, there is serious tension. Mamata Banerjee for one is disillusioned with Rao. She draws her political strength from her strident anti-CPI(M) [Communist Party of India] stand and this is where Rao is seen to be a stumbling block. For his own survival as prime minister, Rao is largely believed to have come to a tactical understanding with the Marxists. Banerjee has been asked to stall her anti-CPI(M) movement.

A.B.A. Ghani Khan Chowdhury and his lobby is piqued at not finding a cabinet berth. Ajit Panja also has reasons to be unhappy. The induction of Pranab Mukherjee in the ministry is certain to undermine Panja's importance. The state's AICC(I) members so far are neither pro-Rao nor pro-Singh—keeping up with the waiting game.

In Maharashtra, the dissident problem stems from Union Defence Minister Sharad Pawar's tussle with Naik. With the all-round demand for Naik's removal due to his failure to check the post-Ayodhya violence, the political game really threatens to become a confusing musical chairs tamasha. The camps within the Maharashtra Congress(I) are: The Indira Loyalists, led by ministers like Ramarao Adik and Vilasrao Deshmukh, who are now with Rao; the Pawar men led by ministers like Padamsinh Patil and Ajit Pawar; the ex-Sena group led by Chhagan Bhujbal and the old Vasantdada camp led by ambitious young Vijaysinh Mohite-Patil. Mohite-Patil is the wild card—he can muster upto 60 MLAs on his side, and can go with either Rao or his opponents, depending on which way the bidding progresses. The Vasantdada camp has till now stayed with Naik, but the future is an open question.

In a nutshell, in the event of a showdown, Rao may still get the support of Bihar, since Kesari and Mishra are with him; Maharashtra; his home state and much of the south, with Uttar Pradesh up for grabs. But at this point his supporters can't afford the luxury of an exact head-count. This is because Singh has made headway with leaders not necessarily seen to be his supporters including Vayalar Ravi (Kerala PCC chief), M. Veerappa Moily (Karnataka chief minister), Ahmed Patel, former Seva Dal chief Tariq Anwar (Bihar), and die-hard anti-BJP members from Uttar Pradesh.

But what is not in doubt is that the spotlight of the AICC(I) will be on Arjun Singh because the issues dominating it will be secularism as well as the Congress action plan against the BJP. As dissident leader K. N. Singh says confidently: "We have succeeded in our mission." And Rao's detractors know they will have him in a spot. For Rao, managing 900 members will be far more difficult than postponing debate in the 17-member CWC with his 10 nominated men. Nor will he have the option to use cabinet colleagues like Kesari and Dinesh Singh to denounce Singh when questions about his leadership are raised.

But even given their petty differences, what haunts most Congressmen—and may ultimately shock them into a unity of political purpose—is the realisation that the four states of Uttar Pradesh, Madhya Pradesh, Himachal Pradesh and Rajasthan are under Central rule and elections have to be held within the year. A lack of direction from the high command has only helped the BJP. A defeat in these states will compel dissolution to the Lok Sabha and a fresh poll. A party without a resolute leadership and clear strategy of fighting the enemy would simply lurch into disaster.

By deferring intra-party debate on these issues and by simply taking manipulative measures to ward off the criticism of challengers, Rao has given the impression that he is more interested in fighting the dissenters within his party rather than the challenge of the BJP. Plunging further into confrontation rather than debate on legitimate issues raised by his critics, or simply ducking problems will no longer work for him or the party.

Right until the next AICC(I) session, he will have to prove that he is tough and decisive or he will simply be living proof of the criticism that Singh and other dissidents have tainted him with. Banning the BJP rally has been one such step. And he will demonstrate more aggressiveness by preparing a bill to amend the People's Representation Act in the coming session of parliament debarring political parties which use religion from contesting elections. And through the budget and related economic measures he will once again step up the pace of economic reform in order to restore the economy to the nation's political agenda as a counterforce to the BJP's religious propaganda.

Many of the actions he takes, no doubt, will be seen as emanating from pressure mounted by Singh and the dissidents, thereby increasing their hold over the party's leadership. But he will have to maintain the momentum in order to survive any challenge to his leadership at the AICC(I) session.

The battle for the party will not then be to dislodge Rao but rather for the post-Rao scenario, in which the leader who sets the tone, pace and agenda for his historic do-or-die political competition now emerging at the national stage will be the future leader to contend with.

Arjun Singh Profiled

93AS0672B New Delhi INDIA TODAY in English
28 Feb 93 pp 34, 36

[Article by N. K. Singh: "Arjun Singh: Polite But Lethal"; italicized words as published]

[Text]

The Schemer If Finally Coming Into His Own

The joke in Madhya Pradesh when Arjun Singh was chief minister was that, had he been a woman, he would have been permanently pregnant because he was incapable of saying no, even to relative strangers. Throughout his political life he has been a past-master at winning over people by the timely and expert handing out of favours to anyone he thought he might need some day.

Soft-spoken, well-mannered and cultured, he always takes the line of least resistance, preferring to win his critics over by massaging their egos and improving their bank balance. V. K. Saklecha, a former BJP [Bharatiya Janata Party] chief minister says: "The Thakur from Churhat treated the state as his *jagir*." MLAs [Member of Legislative Assembly] who could not be accommodated in the ministry were given charge of public sector undertakings and government corporations.

Before the 62-year-old Singh rose to the top of national politics, he had been seen as a distinctly second-rank regional chieftain. A senior Congress(I) politician, who is one of Singh's most fervent detractors, says with regret: "We made the mistake of under-estimating him initially."

This suited Singh perfectly, allowing him to master his policy of the three Cs (Courtesy, Culture and Conspiracy) unobtrusively. Like a squirrel hoarding nuts for the winter, he worked diligently to consolidate the power base he would need for the future. The solid homework, along with his ability to win friends and promote himself, finally came to fruition when he joined Sanjay Gandhi's coterie. He was made chief minister of Madhya Pradesh, despite a small base in the Congress(I).

It's a cliché to say of certain politicians that they breathe politics. It is usually an exaggeration—but not in Singh's case. His passion for politics, however, goes hand in hand with administrative competence. His crisis management during the Bhopal gas disaster was superb.

These days, his anti-BJP credentials have brought him a step closer to his ambition of becoming the party leader. His anti-BJP rallies, held in the all-important state of Uttar Pradesh, panicked Rao, who promoted state leaders to criticise him for not taking them into confidence. Singh sensed that he should slow down. His campaign against the BJP virtually stopped in June 1992. But in July, he wrote to Rao's political aide Jitendra Prasad, criticising the party's "soft line" towards the BJP.

The Rao brigade launched a virulent campaign against Singh, so he deftly retreated. But whenever he moves back a step, he makes sure he advances two steps the next time. And whatever he does, he hogs the national limelight.

Moreover, his anti-BJP stance is not a whim or a fancy. For him the fight against communal forces is a basic question of "issue-based politics." His stand has convinced a large chunk of Congressmen and some influential segments outside the party that he can rise and lead the fight against communalism.

Yet, strangely enough, when the masjid was demolished on December 6, Singh didn't so much as squeak. A Union minister close to him explains: "The arithmetic of the CPP [Congress Parliamentary Party] did not work in his favour." An allusion to the fact that challenging Rao meant not only quitting the Government but also establishing his supremacy in the CPP.

If Singh's dream ever comes true, will he be any good as prime minister? One school of thought says he would be a disaster for the nation, a man who's prepared to sell Mt. Everest if it suits him. Besides, he is not a charismatic personality. But then nor is Rao, say the others. And unlike Rao, he is at least capable of taking decisions.

He has also shown that he can handle tasks which have defeated lesser politicians. For example, when Rajiv Gandhi appointed him governor of Punjab at the height of militancy there, his opponents rashly prophesised that Punjab would be Singh's political graveyard. But he

turned the assignment into an opportunity to further his career. The acme of his tenure was the Rajiv-Longowal accord.

| Strengths | Weaknesses |
|---|--|
| Secular and socialist credentials with principled stand against the BJP | Image of a corrupt politician and manipulator. Is not trusted by colleagues |
| Remarkable skills of political manoeuvring, sagacity and foresight | Lacks the audacity to go for broke, usually tends to be over-cautious |
| Strong home base and goodwill of the Left, enjoys ample credibility | Lacks V.P. Singh's kind of drive to build an issue-based campaign into votes |

It was a triumph. He shot into national prominence overnight. Capitalising on it, Singh persuaded Rajiv to call him back to Delhi. He became party vice-president, a job which allowed him to consolidate his base. But he over-reached himself. He abandoned his quiet scheming in favour of a hyper-active style, rubbing senior party managers like Kamalapati Tripathi and Uma Shankar Dixit the wrong way. Power had gone to his head, damaging his judgement.

His powerful enemies forced Rajiv to move him. He was made Union communications minister. When Rao gave him the low-profile human resource development it was widely thought to be an attempt to cut him down to size. But his campaign against the BJP has kept him in the news.

His ascent has not been a smooth blip-free rise on the graph. There have been periods of grave crisis. Around 1988, he found himself sucked into a series of court cases over charges of corruption. His decision to construct a huge marble mansion at Kerwa, near Bhopal, proved to be a monumental mistake. People asked where the money came from. To this day, Singh refuses to answer the question.

Next year—1989—was his year of public disgrace. He was sacked following an adverse high court judgement in the Churhat lottery scheme floated by his son and other close relatives. His opponents called him "Churhat Ka Chor." It has been a stain on his name which he has been unable to wash off, despite subsequent favourable court verdicts.

His family has caused him considerable heart-ache in other ways. He was taunted and jeered for years about his father being jailed for corruption in the 1950s but when his opponents dredged it up for the umpteenth time some years ago in the Madhya Pradesh Assembly, he hit back with a retort: "Maybe some people in this House chose their father. I didn't"

Interestingly, after Rajiv Gandhi's exit from the scene, Singh did not make a bid for party leadership, unlike Sharad Pawar. Though he was desperate to project himself as a national leader, intuition told him the moment was wrong. The BJP [Bharatiya Janata Party] had eroded the party's base in the Hindi heartland and the overwhelming majority of MPs [Members of Parliament], who belonged to the south, would not back a Thakur. So he threw in his lot with Rao. It also served

the purpose of keeping Pawar in check and out of the running. Then at Tirupati, by virtue of his success in the AICC(I) elections, he merged as the heir-apparent.

Singh knows that the political arithmetic is against him again since a majority of the CPP [Congress Parliamentary Party] is not with him. So his strategy right now is to force Rao in all party forums to act decisively against the BJP. The force of his personality shone through when he visited Bombay after the riots. Apart from V.P. Singh, he was the only politicians whom Muslims were happy to meet and talk to.

The unknown element about Singh is what he could do if he were prime minister. But of more immediate relevance to the party and large sections of the public is whether he could take on the challenge of the BJP. Given the joke about him being a woman who never says no, Singh has been doing a better job of saying no to the BJP than Rao has ever done.

—with Zafar Agha and Ramesh Vinayak

Narain Dutt Tiwari Profiled

93AS0672C New Delhi INDIA TODAY in English
28 Feb 93 pp 41-43

[Article by Shekhar Gupta: "N.D. Tiwari: Suave Survivor"; italicized words as published]

[Text]

Veteran Searches for Right Niche and Timing

Which image do you remember Narain Dutt Tiwari by? The pitiable supplicant in post-Emergency posters, carrying Sanjay Gandhi's shoes at a public meeting with the infamous doggerel of *Nar hoon na naari hoon, Narain Dutt Tiwari hoon...* (neither am I a male nor a female)? Or the miserable castaway after his defeat in the 1991 Lok Sabha election, sulking for days in his tiny room in the capital's intellectual hangout, India International Centre, waiting for the elusive call from the prime minister to rehabilitate him? Or the directionless pretender to power who seemed to yo-yo between extremes of his own fractious party within the past month. First, raising eyebrows by attending a rally at Bareilly with the prime minister's arch enemy Arjun Singh. And then taking up Rao's offer of a seat in the CWC [Congress Working Committee] and lending his weight to him, with characteristic hesitancy, in Rao's battle of survival against Singh.

The point is, no matter which way you look at Tiwari he emerges as a politician in his very own, unusual mould. Ambitious, but lacking the cold-blooded ruthlessness that turns also-rans into winners, shrewd but indecisive at crucial moments and suave and articulate, yet weak, much too willing to accept a more dominant leader.

But such is the paucity of leaders in the Hindi belt, such are the power equations in the Congress(I) that with his elevation to the CWC last month Tiwari has emerged as one of the three key contenders to the throne in case Rao were to go for one reason or the other. As claimant to the top prize in Indian politics there is more to Tiwari than

his immaculately placed Khadi cap. Unlike Pawar and Arjun Singh, he is not tainted by corruption charges. Also, he is the only Brahmin among the three claimants, and the fact that he is perhaps the fittest 67-year-old you have seen despite having lost hearing in his left ear and the ghastly burns from scalding on his belly in prison during the Quit India movement.

His hallmark is his remarkable oratorical skills. His secular credentials are impeccable and yet, because of his low-key demeanour on the crucial question, he may be more acceptable to the Hindus than the other secularists in the party. He also harks back to his days in the freedom movement, the only Congress leader of consequence today to be able to do that and this has some purchase in Uttar Pradesh. Sidelined and rehabilitated in frustratingly short spells in the past decade, he is now unveiling his own strategy for what could be the most crucial comeback of his life.

Quietly, the contours of this game plan are emerging, though the sophisticated survivor projects it only as a Congress(I) revival plan. Bring back the older elements who have been deserting the party for more than two decades now. "We must bring back even old freedom fighters, who are secular, Gandhian, still respected, and use them to revitalise the party at the village-level, particularly in Uttar Pradesh, and it will make a difference." Tiwari is too cautious to blame anyone but laments the fact that the old-timers began leaving the party in 1969. The second exodus took place after the emergency, and then during and after Rajiv's time. Now he wants to bring back the freedom-fighters like himself, or where they are too old their progeny, to maintain the "familial" link. "Just when the Sangh brotherhood is consolidating, why would the *viraat* Congress family that Mahatma Gandhi built be scattered?" Euphemisms, but that is how the veteran rationalises the party's current predicament and unfolds his own plans for its survival in the Hindi belt and the revival of his personal fortunes.

His long-time political associate and current supporter Akbar Ahmad says the approach would go very well with Tiwari's known strengths. "He has 50 years of goodwill, grassroots level contacts in all the 60 districts of Uttar Pradesh, a secular image and the support of the bureaucracy which loves him for his suave and cultured style," he says.

For once, fortune is favouring him as, given the current political equations in the party, Rao needs to cultivate him despite the fears that he could grow into a challenger. Rao sees in him potential to counter Arjun Singh who is making political inroads in the north and getting closer to the Left at a time when Rao's dalliance with the BJP has boomeranged badly.

| Strengths | Weaknesses |
|--|--|
| A strong secular, socialist image with vast experience in Uttar Pradesh politics | Inability to fathom the manipulative politics of New Delhi |
| Remarkable oratorical skills backed by the support of the bureaucracy | Lack of a ruthless, driving ambition. Lusts for posts of any importance |
| The only Brahmin among the three contenders and with grassroots goodwill | Improbability of making any sizeable inroads into the BJP hold in his home state |

Tiwari has partly himself to blame for the gains Singh has been able to make, particularly by grabbing the two planks Tiwari should have claimed as his own: socialism (Tiwari left the Praja Socialist Party in 1959 to join the Congress) and secularism. Tiwari had to be away in the United States for long spells, looking after his wife who is suffering from cancer. Rao, meanwhile, kept in abeyance his promise of making him the secretary-general of the party despite the fact that Tiwari did launch a blitz of sorts—organising a Vikas Yatra (development march) in Uttar Pradesh and a series of impressive meetings. On January 19—a day after the Cabinet reshuffle, Tiwari had had enough and even assured aggrieved Congress leaders from Uttar Pradesh that he was in favour of a requisitioned meeting of the AICC(I) [All India Congress Committee] and that he would be joining them in a meeting at Hardwar to press for the session.

He turned down Rao's offer to make him deputy chairman of the Planning Commission and Congress circles were abuzz with rumours that he had reacted contemptuously against the offer of "a mere government job." Tiwari's explanation to supporters was different. Rao had just moved Pranab Mukherjee to the Cabinet from the Planning Commission in a move that looked like elevation. Tiwari was not going to accept a post that seemed lower than that of even a cabinet minister. Not taking chances now, a beleaguered Rao nominated Tiwari in the CWC. Once again, Tiwari's critics say, the rebel in him was crushed by the lust for a post.

But Tiwari has his own rationale for the decision. This is not the time for internal bickerings, he says. He accepts the party is in trouble in the Hindi belt: "We will have to work very hard for a year. Then maybe we could reverse the trend." What it means in Tiwarispeak is that he knows that with his party pushed to the ropes in his own homestate, his own base is too weak for him to mount a frontal challenge to Rao. That just as in the past, he was tainted with the loss of Uttar Pradesh twice, his almost certain inability to get the better of the BJP yet again will make his prospects hopeless. Thus, while Congress dissidents still hope that Tiwari can be pitted against Rao if the crunch comes, not too many believe that he will plunge into it openly. He will wait for the right opportunity, perhaps when the more aggressive claimants for power have exhausted themselves, or become too controversial and he, in his own best case scenario, emerges as a consensus candidate.

His administrative record, in contrast, is much better. Senior bureaucrats in Uttar Pradesh and the Central ministries where he held office, remember him as a generous, decisive, decent and cultured leader who never left a file pending and never showed even a flash of bad temper. And yet when the build-up began towards the shilanyas in November 1989, he seemed almost at a loss, not able to decide whether to stop it, or take advantage of the situation. He simply let things drift and with disastrous consequences for himself and his party.

Tiwari's most debilitating blight is his reputation of being indecisive, followed by his inability to fathom the manipulative politics of Delhi, not to talk of an ability to wallow in it like Pawar or Arjun Singh. Though chief minister of Uttar Pradesh four times, and despite holding more key Central portfolios (external affairs, finance, industry) than any other partyman except Rao, Tiwari has not been able to project a decisive personality that radiates power.

The same unsure, almost philosophical tendency shows as he talks about himself: "I am neither a conformist nor a non-conformist." And witness his tendency to retreat to Lucknow in virtual oblivion each time the going gets tough. Nor has he been able to make the transition from Lucknow to Delhi or from state level power to the national scene even in his mind. That weakness and indecision is what makes his supporters despair and his opponents exult. His supporters, however, claim that this reputation of indecisiveness is not entirely correct and with characteristically rustic Congress(I) humour, a supporter from Uttar Pradesh says: "You may say Tiwariji takes the cake for indecisiveness. But why blame him when the prime minister has already taken the bakery?"

The argument is, that when the prime minister himself has messed up the party's fortunes with his own vacillation and poor judgement. Tiwari's strategy of projecting himself as a conservative, cautious yet secular, socialist and firm leader may just work. "If he shows the guts to fight for the right cause, he is still the most acceptable leader in the congress," says K.N. Singh, a Rajya Sabha member and a former general secretary of AICC(I). But even he is dismayed by Tiwari's apparent lack of guts in not pushing for an early AICC(I) session, something Tiwari had promised he would do.

Tiwari's tragedy is that his own strengths are his worst weaknesses: his oratory and demeanour make him a crowd-puller in Uttar Pradesh, but the temple politics may prevent them from being translated into votes. His background and upbringing make him a prime candidate for party presidency or even prime ministership but he lacks the audacity to make bold moves and go for broke. This despite the fact that even his opponents hold him in awe. Former BJP chief minister Kalyan Singh had once said on the floor of the House that no one in the Assembly could "match Tiwariji's stature." But a more apt comment comes from another former chief minister Mulayam Singh Yadav: "Tiwari would have been prime minister material but for his slippery attitude. One has to take stands in political life and then stick to them." For

Tiwari to do that would mean making a major turnaround in his won political persona but unless he can do that there will be no crossing the Rubicon despite the opportunity.

—with Dilip Awasthi and Yubaraj Ghimire

Sharad Pawar Profiled

93AS0672D INDIA TODAY in English 28 Feb 93
pp 43-44

[Article by M. Rahman: "Shared Pawar: Forever Enigmatic"; quotation marks and italicized words as published]

[Text]

Driving Ambition but Low-Key Approach

Sharad Pawar will forever remain an enigma in Indian politics. Though only 52, he is one Congress(I) leader who is clearly cut from the old cloth. With deep political roots in his home state, Maharashtra, the Union defence minister has a shrewd understanding of issues and events which make him a very effective leader, particularly in times of crisis. Decisive, knowledgeable, and sagacious, Pawar has a phenomenal range of contacts in diverse social, political and religious groups and also a good general's ability to out-manoeuvre opponents. In short, when Bombay inexplicably exploded last month, he was the ideal man to take charge and surgically excise the communal madness.

Yet he failed. And during the six days he camped in Bombay, as the fever of sectarian hatred rose and subsided, the question arose: will the ambitious and capable Congressman ever get rid of the petty politician's baggage of rivalries and jealousies to acquire the mantle of an inspiring national leader? In Bombay, during the time of frenzy, Pawar displayed the promise—but along with one tragic flaw, his hallmarks as a leader.

Unlike, the uncomprehending, lethargic Chief Minister Sudhakar Rao Naik, Pawar was well aware of the seriousness of the situation in India's premier port city. Coming to bustling Bombay from the quiet countryside, he had made it his own. He knows the city and those who run it, better than any savvy, Bombay-born leader. He visited several badly-affected areas and arranged emergency assistance. While Naik sat in his Malabar Hill bungalow and S.B. Chavan was invisible, Pawar appeared repeatedly on television, met journalists, tried to scotch rumours authoritatively, faced agitated citizens, and summoned officials for crisis meetings.

But he resisted taking that one decision which could have quickly quelled the carnage. On January 9, when it was mooted that army be called to man the major crossroads to free the police to patrol the bylanes, and Bal Thackeray arrested, he dithered and dismissed the plan as impracticable. The initiative was lost.

It is typical of Pawar's leadership that even his close associates will never know why he took such a decision. "He always plays his cards very close to his chest, and

that's perhaps his major weakness," observed a bureaucrat who admires him. Everyone was left to speculate: was Pawar anxious about involving the army overmuch in quelling the communal violence? Was he wary of rivals Chavan and Naik sabotaging his attempts at restoring peace? Or was he waiting for a firm assurance from Delhi that if he succeeded, Naik would be sacrificed?

Sadly for the city, Pawar is the only Congress(I) leader with the brains and the guts to take on the Shiv Sena's challenge. Much is made of his friendship with Thackeray and other Sena leaders. But that reflects on his unique ability to establish durable links across political, social and ideological divides. His political guru was another famous Maratha from sugar-rich western Maharashtra—Y.B. Chavan. It was Chavan's patronage that helped Pawar enter the state Assembly in 1969, become an MPCC(I) [Maharashtra Pradesh Congress Committee] secretary, minister of state for home, and finally chief minister at 38. Says his older brother, Appasaheb Pawar: "Sharadrao modelled his career on Chavan's, but unlike Y.B. he likes to take risks."

Pawar's other mentor was the renowned socialist, S.M. Joshi; and a helping hand was lent by the late Bombay Congress(I) chieftain Rajni Patel. He is known to be loyal to friends, yet believes that all is fair in love and politics.

In 1988-91, during his second stint as chief minister, Pawar faced a challenge from an emergent Shiv Sena-BJP alliance in three elections. He stemmed the tide by using every trick in the book—exploiting differences within the Hindu alliance, provoking Thackeray into praising Mahatma Gandhi's assassin, projecting himself as the next prime minister after Rajiv Gandhi's killing, and even giving assembly tickets to underworld figures like Pappu Kalani and Hitendra Thakur. The result: a split in the Sena, and later its ouster from power in the lucrative Bombay Municipal Corporation. Till the Ayodhya demolition brought Thackeray and the BJP back to centre-stage in Bombay, the Hindu alliance was in a shambles and the Sena totally demoralised. Said a BJP leader: "Pawar was the Congress(I)'s only trump card in Maharashtra, but now he is being 'cut' by jokers."

Pawar's tactical shrewdness and ability to gather information from non-governmental sources helped him in the past to maintain peace in Maharashtra. In 1990, before L. K. Advani's rath yatra was announced, he had discovered from his sources in the BJP and the RSS [Rashtriya Swayamsevak Sangh] that the saffron caravan was definitely on. He immediately summoned the police officers from districts through which the yatra was likely to pass, and told them plainly that they will be answerable for any trouble in their areas and ordered them to send daily reports to his minister of state for home on the situation.

Recalls a top official: "It was highly educative to watch Pawar in 1990, when mandir and Mandal were igniting several parts of the country." Pawar didn't depend only on government machinery. He was in contact with all the parties—BJP, Sena, the Left. He would speak to Thackeray

often, combining inducements with threats. And on critical days, he even shifted to the DGT's [expansion not given] office to react more quickly to any outbreak of violence.

| Strengths | Weaknesses |
|--|---|
| Ability to manoeuvre shrewdly and quietly within the power structure | Suffers from poor command of English, Hindi and poor articulation |
| A phenomenal range of contacts in political, social and religious circles | Is generally believed to be very close to rich industrialists |
| Strong home base, and an image of a secular leader and efficient administrator | Has still not been able to build the image of a national-level leader |

He always maintains a punishing schedule for himself. In 1988, for instance, the night before he was to fly to the United States to drum up NRI [Nonresident Indian] investments for the state, Pawar had meetings with officials till 11, then sat down for a couple of hours to clear files. He is the only chief minister in recent times who insists on reading files himself. And bureaucrats know they cannot put one across Pawar—his information network extends beyond official channels. Once he startled a secretary by noting on a file: *Hey faar chuki chey ahe* (This is way off the mark), reveals an official.

Yet, Pawar has also taken decisions that caused long-term damage to his own prospects. His step to rename Marathwada University after Dr. B.R. Ambedkar in 1978 caused large-scale anti-Dalit violence. Pawar's lesson: populist measures can backfire badly. But before he moved to the Centre, he was embroiled in a major real estate controversy. The dereservation of several valuable plots in Bombay for use by builders, and the lawless development of vast areas of Thane district close to the metropolis, is an unfortunate legacy of his administration. And when his opponents, led by Chavan and Naik, decided to humble him last December, the links between Pawar's men and millionaire underworld developers proved to be a convenient weapon for them. The scandal is Pawar's albatross and will prove a stumbling block in his run-up to the prime ministership.

It has also made Pawar an easy target for a highly damaging campaign of innuendo—that it was the sacking of his associates from the Naik Ministry and the Maharashtra Government's action against mafia dons that lie behind the carnage in Bombay. It is a baseless charge because Pawar is too intelligent and ambitious a politician not to realise that the long-term consequences of the Bombay violence mean a rout for the Congress(I) and victory for the Hindutva forces.

Yet, there is hardly a senior bureaucrat who does not admire Pawar. Quite against his political reputation as a crafty manipulator, bureaucrats acknowledge Pawar's skill and integrity as an administrator. "I don't know of a single instance where an officer was influenced by Pawar to do something he disagreed with," observes an official.

For the past 18 months, Pawar has been kept on his toes by a wily Narasimha Rao, who constantly emits contrary signals—at one moment supporting the anti-Pawar campaign, at another appearing to recognise Pawar as his successor. Rao's Cabinet reshuffle has once again brought hope to the Pawar camp—rival Chavan has been humbled by saddling him with Rajesh Pilot, and Pawar supporters like N.K.P. Salve and A. K. Antony got berths while an opponent like A. R. Antulay was kept out.

Pawar's friends have always believed that he is cut out for national leadership—except for one handicap. It is said, only half in jest, that a prime ministerial candidate must be able to speak extempore for at least half an hour in English and Hindi. Pawar's language skills are poor, though he is said to be getting the requisite tuition after moving to Delhi. Working in the Defence Ministry is certainly helping him pick up army lingo. He surprised Bombay journalists recently by referring to Naik as "this johnny." And in reply to a phone call he was heard saying: "Give me a twinkle tomorrow. I'm busy now."

His detractors within the Congress(I) charge him with being untrustworthy, pointing out how he stabbed senior Maratha leader Vasant Rao Patil in the back to replace him as chief minister in 1978.

So, after his abortive bid for prime ministership in 1991, he is said to have learned his lesson, content to wait for the right moment to make his next move. But the big question is: if Rao lets the Congress(I) succumb to the Hindutva wave, what will Pawar's response be? Will he repudiate a lifetime of secular Congress(I) politics to retain power? Or will he go against the wave and challenge Rao? Pawar's enigmatic political profile does not allow for an easy answer: he is as capable of waging a shrewd battle in support of principles as he is of abandoning them for the sake of power. Some even believe, the biggest challenge Pawar must overcome to achieve greatness is himself.

Singh Interviewed on Party

93AS0672E New Delhi INDIA TODAY in English
28 Feb 93 p 35

[Arjun Singh interviewed by Shekhar Gupta and Yubaraj Ghimire; "I'm Saying What the Party Needs"; boldface and italicized words as published]

[Text] *Perhaps a relic of his tenure as Punjab governor, senior Union minister Arjun Singh displays in the visitors' room at his house a portrait of Guru Gobind Singh, with his famous lines: "When redressing a wrong is not possible through peaceful means, it is pious and correct to take up the sword." But sabre-rattling is not his style. Subtle, suave and yet single-minded, he gave an hour-long interview to Senior Editor Shekhar Gupta and Principal Correspondent Yubaraj Ghimire two days after the CWC [Congress Working Committee] meeting. Excerpts:*

Q: How would you describe the state of the party?

A: I think it is now trying to get into the act to take on the communal forces.

Q: Are you satisfied with the way it's doing this?

A: One can always find something wanting in whatever course one adopts. But the political atmosphere is being vitiated by the BJP's use of religion and it has to be fought.

Q: Is there adequate realisation of that in your party?

A: Sometimes there is and sometimes there isn't. I won't mince any words on it. If the party can't act on that realisation, there are difficult times for the party ahead.

Q: Are you asking for introspection?

A: To an extent yes. In Tirupati, seeing all the dangers, the party took a very emphatic stand on the issue of communalism and how the Congress(I) was to be the instrument to fight it. Now, if within a year the forces that we were supposed to combat have come to the centre-stage and we are being marginalised, we have to think about it. If we do not candidly see what went wrong, we cannot fight it. Some people may think it is criticism. Well, criticism is the essence of democracy.

Q: Isn't introspection alien to the Congress(I)?

A: I will give you an example. When we lost the 1989 election, Rajiv Gandhi did initiate introspection. It was brought to his notice that things had gone wrong and if he wanted to come back he had to make an honest assessment. Rajiv said publicly that we tried to play a card which was not ours and we fell between two stools.

Q: Then why are you being called a dissident?

A: I am a Congressman and a concerned one. By no stretch of imagination can I be labelled a dissident.

Q: Is yours a calculated move?

A: I did not stumble on it, that much I can tell you. It is what the party needs and I haven't seen anyone saying it does not need it.

Q: Then why are your senior party colleagues criticising you?

A: Better ask them. If one-fourth of the energy that is wasted in clipping, countering or marginalising me was used against the BJP [Bharatiya Janata Party] and communal forces, perhaps we could have done something more concrete.

Q: Why are you questioning Rao?

A: Have I ever questioned the leader? I am saying the party must debate this. If anybody says the party must close its mind and march ahead I don't think it is the right thing.

Q: Were you isolated at the CWC?

A: These things are what you all create. I said there should be a debate on this in the AICC(I) which is being done.

Q: But didn't you push for an earlier session?

A: I didn't push for it. I just said some people want it earlier and in any case it is overdue by eight months.

Q: What about the one-man-one-post principle?

A: I said leave it to the president.

Q: And you said it quoting the president himself from Tirupati?

A: Quoting or not quoting, it is something I have commented upon so many times. An exception in this case was made because of circumstances. Now only the president can take a decisions. It is not an issue of contention.

Q: Will it come up at the AICC(I)?

A: AICC(I) is a forum where anyone can say anything.

Q: Are you feeling isolated or humiliated after the CWC?

A: I won't say that I am thick-skinned but I would say very clearly that there is no question of either feeling humiliated, marginalised or isolated.

Q: How serious is the crisis before the party?

A: I think this crisis has brought up the basic question whether the premises on which this republic came into existence are valid. Other crises come—physical attack from China or Pakistan, economic crises—we meet them. But when the republic's basic premises are sought to be confronted then it is the crisis of an all-pervading nature. You choose your adjective: highest, biggest, whatever.

Q: Was the crisis avoidable?

A: That you can't say. These are ifs and buts of history.

Q: Will the Congress(I) join the Left in the fight against the BJP?

A: In principle, the CWC has agreed for an alliance with the Left. Modalities will be decided by the party president.

Q: Are you a candidate for the prime ministership?

A: This question shouldn't be asked and shouldn't be answered. All I can say is, I am not in this for that. For me, it is country first and party second.

Singh Interviewed on BJP

93AS0672F Madras FRONTLINE in English 26 Feb 93
p 12

[Arjun Singh interviewed by S.K. Pande: "Face the Fascist Undercurrent"; italicized words as published]

[Text] In the tangled state of present Congress(I) politics, Union Minister for Human Resource Development Arjun Singh is very much in the news—not only for his frequent warnings on the danger posed by the BJP-VHP-RSS [Bharatiya Janata Party-Vishwa Hindu Parishad-Rashtriya Swayamsevak Sangh] combine, but also for his suggestions on the strategy to tackle it. He is pushing for an end to the soft approach towards Hindu communalism. In an interview to S.K. Pande in New

Delhi on the eve of the Congress Working Committee (CWC) meeting, he looks at the scene. Excerpts:

On the eve of the Congress Working Committee meeting and with the AICC [All India Congress Committee] session not far behind, what is to be done to galvanise the Congress?

Well, it is not for me to lay down the agenda, but for the collective opinion of the members to delineate and come out with what requires to be done.

Surely, you must be having some suggestions.

Clearly something requires to be done. And what must be understood is the nature of the threat the party is facing. It is not only the fundamentalist and communalist threat, but there is a clear and sharp focus easily discernible, if you to look at it. This is the clear emergence of a fascist undercurrent. They (the communalists) want to capture power under any circumstances, and are prepared to do anything to grab power. If this undercurrent is not checked, the India that has been known the world over for centuries will be threatened. This threat will have to be faced squarely and unitedly. I earnestly hope that a correct decision will be taken. People spoke about our spirit of tolerance for all faiths and religions. Where has it gone these days? Who is creating ruptures and schisms? Public opinion has to be created against these forces and it is time to stand up and be counted and to tell them that the country is not up for grabs, as if it were to be handed in a platter.

On February 25 the march of the BJP and its allies is scheduled.

As far as the forces behind the rally are concerned, I do not rule out anything, but I can only hope better sense will prevail and the rally will be deferred to a period when passions are not as high as they are now. But it is up to people of vision and those who understand the nature and character of the forces now at work to mobilise opinion that the need now is not for any street brawl, but for help to ensure peace. There has to be a positive unity of people and the secular forces, who understand what is happening. Of course, I have no concrete information of any plan, but I can only hope nothing will happen.

But there are reports that even in Madhya Pradesh your meetings were disturbed.

A handful of persons on one or two occasions did try to create disturbance. Generally, there were intent listeners, and I addressed some meetings even in Madhya Bharat, central Madhya Pradesh, where the BJP is said to be strong.

Has not a virtual communal divide taken place in various parts of the country, with the administration often fighting shy of controlling it?

Even mayhem has taken place and definitely something more could have been done (to avert it).

What would you say about the state of the Congress?

Without going into inner-party matters, I would say the Congress has to come to grips with the situation. We have to understand clearly what is at stake, and then build a movement with a sharp focus. What is at stake is the future of the country, its unity and integrity. I am sure if we move to save the situation, the democratic-minded people and the secular people will be with us. It is up to us to understand that the pattern of the violence is very well-laid-out. The objective is to terrorise innocent people and thereby create a fear psychosis that they are at the mercy of those who play politics through trouble. This would mean that whenever a decision has to be taken, there should not be any hesitation in taking it in the best interest of the country.

What is happening is creating a sense of insecurity even among the industrialists and the middle class. All this is done to browbeat them into submission to their (communalists') dictates. Even protection money is collected in some cases. Let us not say Congress or non-Congress. I would say whichever may be the authority, wherever it may be, it should see that the law is imposed, come what may. Let it be understood that no person is above the law.

Secondly, we should make an effort to expose the real nature and character of the people responsible for the troubles. Thirdly, we should also avoid making inflammatory remarks against any community, for that only adds fuel to the fire. This is how a democratic system can function.

The time has come for a crusade against communal and fascist forces. I would add that what is needed is a revolutionary wave against communalism and fascism.

It is said leading political parties, particularly the Congress—and its leaders—are playing chess while the threat of fascism is looming large.

The time to play chess, as far as I see, is over. What is needed is the coming together of men of vision to fight the emerging trends of fascism.

Singh Statement Released

93AS0672G Madras FRONTLINE in English
26 Feb 93 p 10

[Article by Tapas Ray: "Arjun Singh Speaks"; italicized words as published]

[Text] Even as all eyes were on Arjun Singh, the Prime Minister's challenger sought to drive home a point no one could ignore by choosing Calcutta as the venue to release what is perhaps his strongest statement so far on the Government's handling of Ayodhya, and conferring with Chief Minister Jyoti Basu on February 7, about half-a-day before the crucial CWC(I) [Congress Working Committee] meeting. While the statement was released at a press conference in the afternoon, the 35-minute meeting with Basu was at the Chief Minister's high-security residence in Salt Lake, east Calcutta.

In the two-page signed statement, Arjun Singh spoke at the "drift and indecision which is enabling the fascist

forces in the country to pose a real threat." He did not name Narasimha Rao or his office, but the target of his attack was clear.

After the evening *tete-a-tete* with Basu, Arjun Singh denied the leadership issue had been discussed. "Yes, we have talked politics," he said, "but only the question of a joint campaign on the communal threat, the need for which has been officially recognised by our party. The Prime Minister will work out the modalities." The other points that came up for discussion, he said, were a Heritage India project for Calcutta and the conversion of the city's historic Metcalfe Hall into a national monument. But the circumstances of the visit and the tone of the statement he had released a few hours before, gave a different impression. So too the fact that former Prime Minister Chandra Shekhar called on Basu about half-an-hour after Arjun Singh left.

Arjun Singh's Sunday visit was the second in about a month. The earlier one, he had claimed, was a totally private affair. However, political observers in Calcutta are reluctant to take this at face value. They also attach much significance to the fact that a little over a week before the second visit, an aging J.R.D. Tata had flown in from Bombay to confer with Basu. The meeting, at the posh Tata Centre, has remained shrouded in secrecy. The circumstances on that occasion too were quite dramatic. Basu had cancelled a scheduled visit to Bombay, where he was to have met Dhirubhai Ambani as well as J.R.D. Tata.

Tata had actually come to Calcutta to discuss the Haldia petrochemicals project, which had run into difficulties. It is a joint sector project in which the State Government and the Tatas are involved. However, it is being pointed out that this would hardly require Basu to cancel his Bombay engagements and J.R.D. Tata to rush to Calcutta instead. Observers point out that after the second phase of riots in Bombay, the Tata patriarch took the lead in putting pressure on the Government for a firmer handling of the communal situation. He has some like-minded industrialists behind him.

Text of Arjun Singh's Statement

A great deal of confusion is being created about my approach to issues that are agitating the minds of our countrymen and the rank and file of Congressmen. Knowing fully well that confusion is the only weapon in the armoury of persons who are confused themselves, I consider it appropriate to put the record straight, for the benefit of all those who are seriously concerned about the *drift and indecision* which is enabling the fascist forces in the country to pose a real threat to all the ideals and values that have held our country together for thousands of years.

Let us clearly understand that what we are witnessing is the metamorphosis of the communal elements into an organised, ruthless and unscrupulous fascist movement which will stop at nothing to turn India into a fascist theocratic state. Shall we allow this to happen without any protest or struggle? This question will have to be

answered by each one of us as citizens of the country and each one of us will have to put our own commitment to a secular and democratic polity to test.

The Indian National Congress, which struggled for and achieved freedom for the country, has the duty and responsibility to answer this question with greater solemnity and sense of purpose. (Personal perceptions and preferences are of no relevance in this matter). We owe it to ourselves to act in a manner that would enable the nation to believe that Congressmen are prepared to protect and preserve the basic credentials of our Republic, for which our great leaders Mahatma Gandhi, Pandit Nehru, Sardar Patel, Tilak, Maulana Azad and other great stalwarts fought for. Innumerable freedom fighters made great sacrifices for this cause, and this generation has to redeem the pledge that they took on the banks of the Ravi on January 26 many decades ago. It is in this background that a critical assessment of our role as Congressmen in the recent past has to be made. Allurements and blandishments are not the ways to make this sober assessment. The fact is that a vast majority of Congressmen are confused about their role in the crisis that has overwhelmed our country. It has to be our common concern to hold free and frank discussion at every level in the party to demarcate a line of action to combat the rise of fundamentalist and communal forces that threaten to overpower us. Let us honestly reflect whether in the last eight months we provided such an opportunity to them. No wonder they feel frustrated and bewildered at this critical juncture, when all their energies need to be channelled to forge a strong political will to stand up and defend the fabric of our nation. Let no one be in doubt that even today Congressmen are capable to fight and defeat these dark forces in a democratic battle.

The BJP has consistently tried to denigrate our national leaders and their contribution to the process of nation-building after Independence. The names of Pandit Nehru, Smt. Indiraji and Shri Rajiv Gandhi are specially anathema to them. We are pledged to thwart this design.

I am sure the coming months will show that the party will play its determined role at this juncture. Unity is the need of the moment, but unity which unites us into a decisive force, not the unity that leads us unitedly to drift and disarray.

Camp: Calcutta

February 7, 1993

(Signed)

Arjun Singh

Loyalty, Support in Question

93AS0672H Madras FRONTLINE in English

26 Feb 93 pp 4-5, 7, 9

[Article by S.K. Pande: "The Dissident Challenge: Swords Drawn in the Congress(I)"; quotation marks as published]

[Text] When Ajatashatru, Bimbisara's son, ascended the throne of Magadha, he lamented: "I am abandoned by

my friends and relatives; I am not trusted; therefore I stand before the people afraid of the hell of defeat. Whose protection shall I seek?"

More than 2,000 years later, switching friends and allies, allowing others to operate on his behalf as he sits stoically watching, Prime Minister P.V. Narasimha Rao is trying yet another round of "divide and rule"—to survive and also prepare his arrows to hit his arch-enemy, Human Resource Development Minister Arjun Singh.

In the murky, cloak-and-dagger world of Congress(I) politics, intrigues are the order of the day. A sop here and a rap there are the rule of the game, in which there are visible and not-so-visible players. If the statements coming out are to be believed, there is dissidence, and yet there is not; there is a revolt, and yet there is loyalty. There is paralysis creeping up the nation's body politic, but in the Congress camp there is activity. Nevertheless, the Congress presided over by Narasimha Rao is in one of its worst crises.

Outwardly, in terms of meaningful political action, a few public meetings have been held. The All India Congress(I) Committee (AICC) publication, "The Great Betrayal," is out—a compilation of the speeches of the Prime Minister and Congress president on the events before and after December 6. This month yet another publication will come, on "the Congress and Ayodhya," giving a call for a secular polity. It opens with the pledge: "We, the Congressmen, hereby dedicate ourselves to strengthen the will of the Indian people which will ensure that inflaming of religious passions has no place in the politics and polity of India." It concedes the fact that the nation now confronts "the most dangerous challenge in the last forty-six years of our re-emergence as an independent nation. When the threat is at its worst and the danger most serious, that is the time to make the boldest resolve, the greatest sacrifice."

But, on Ayodhya there are mostly unanswered questions. On the eve of the February 8 Congress(I) Working Committee (CWC) session, parts of the much-tom-tommed White Paper have come out, through bureaucratic outlets. These are said to sum up to a total defence of the Prime Minister's actions. The White Paper was still to be cleared by the Cabinet Committee on Political Affairs (CCPA), which was awaiting reconstitution amid speculation whether Arjun Singh would be in it.

Reports suggest that there was no sub-committee on Ayodhya and that it was just an informal arrangement. There are minutes of the meeting, and also reports of the denial of their existence. However, one thing is clear: that the meeting did take place and there were discussions on the revised draft paper. And these did have the makings of a high-level affair, for present were Arjun Singh, External Affairs Minister Dinesh Singh, Commerce Minister Pranab Mukherjee, Special Adviser to the Prime Minister's Ayodhya Cell Naresh Chandra, Home Secretary Madhav Godbole, Law Secretary P.C.

Rao and at least four others connected with the various Ministries. It was on February 2.

Three viewpoints were expressed at the meeting. Pranab Mukherjee felt the paper should not find fault with the Government's approach and that it should express the Government's viewpoint and nothing else. Arjun Singh, it is learnt, gave the impression that the White Paper was not merely to convey the Government's viewpoint but to set at rest all doubts and fears among the affected sections; it should not be just a record of the past, but should have a bearing on the future course of events. He wanted certain details to be incorporated in it.

Naresh Chandra referred to the efforts that had gone into the preparation of the draft as also the limitations imposed by the need to steer clear of the issues pending before the Commission of Inquiry as well as the Supreme Court. He said the paper was intended to present the point of view of the Government and also to clarify the sequence of events leading to the Ayodhya incident. It was not only to be placed before parliament and the Indian public; it would be looked at with interest in other countries too. Hence critical issues such as Centre-State relations in India's federal polity had to be elaborated in it. At the same time it had to undergo editing to avoid repetition, he said.

Naresh Chandra referred to the violation of promises by former U. P. Chief Minister Kalyan Singh as an instance of perfidy and betrayal. The wilful action of Bharatiya Janata Party (BJP) leaders to confuse the public was also cited. He tabled the details of a variety of meetings.

It was at this meeting that Arjun Singh disagreed with the overall approach and indicated he could not associate himself with the exercise. He said he would request the Prime Minister to relieve him of the responsibility of chairing the present group of Ministers for finalising the White Paper.

There were differences on what to include and what not to. Arjun Singh's contention was that two stages should be mentioned specifically. The first, the Vishwa Hindu Parishad's (VHP) declaration of kar seva on December 6, 1992, even when negotiations were on. He wanted the background of this event given, with explanations. The second stage included, according to him, what transpired on November 28, 29 and 30.

Kalyan Singh had come to meet the Prime Minister on November 28, when the CCPA meeting was on. Defence Minister Sharad Pawar was sent to talk to him till the Prime Minister could go. Subsequently the Prime Minister joined the talks, and other members of the CCPA waited for their return. The Ministers were later told Kalyan Singh found himself unable to make others agree to "what we were suggesting." Arjun Singh was not sure what was being suggested. But it was obvious that Kalyan Singh gave a negative reply.

Subsequently it was more or less decided at the CCPA meeting that there was no choice but to dismiss the U.P. Government. The Prime Minister directed officers to

keep the papers ready since he was going to Tamil Nadu on November 29—after he returned "we will decide on the matter."

The CCPA could not meet on November 29, and again the issue was not discussed in this light at the subsequent meeting. Obviously something transpired which gave Congress leaders reason to trust the *bona fides* of the BJP-VHP-RSS combine. A statement in Parliament by Home Minister S. B. Chavan was considered very positive by the BJP Leader of the Opposition in the Rajya Sabha, Sikandar Bakht. This was barely five days before December 6. In Arjun Singh's view, it was desirable to etch this turn of events clearly to reinforce "our allegations of betrayal by the BJP."

Subsequently Dinesh Singh gave his own version of what transpired at the meeting. In a statement on February 6, containing extracts of his interview to the Press Trust of India, he took a critical view of Arjun Singh's stand on the White Paper. Here are some extracts: "Senior leaders have a special responsibility not to create the impression of differing views in the party. There is a rule that the Congress party has always welcomed differing views but they have first to be discussed in the party forum and members should not rush to the press over their differences. I hope the Congress president will take suitable action to enforce it for the cohesive functioning of the party."

Arjun Singh's salvos attracted counter-salvos. Sitaram Kesri, party treasurer and Minister for Welfare, accused him of politics of 'pinpricks.' Kesri said: "Mr. Arjun Singh is not fighting for the White Paper, but for something invisible." On the same days, K. N. Singh, former party general secretary and one-time Cabinet Minister, came out sharply, saying the reasons for Arjun Singh's resignation were disturbing. He broadly shared Arjun Singh's contention that the White Paper should contain facts to prove what took place at the talks. He noted that the Cabinet decision on the dismissal of the U.P. Government on November 28 had not been implemented, which was disturbing (see interview).

The White Paper is not the only issue shaking the Congress. The general inaction on the Ayodhya issue has led to a situation in which more rebels are coming out in the open, and some can be seen operating with general briefings by K. N. Singh and at times by B. P. Maurya. Those not satisfied with what is happening include Natwar Singh, Sheila Dixit, A. R. Antulay, and Makhan Lal Fotedar. Former U.P. Chief Minister N. D. Tiwari, though not happy, is keeping a low profile (see interview).

The central demand of the dissidents of this category is to try and have the 'one person, one post' principle enforced. It is their desire, by and large, that Narasimha Rao should relinquish the post of party president. They desire an early meeting of the AICC, though some do not insist that this must take place before the Budget session of Parliament. On the question of the White Paper, most of the dissidents feel the full facts should come out. A

section of them is of the view that party Chief Ministers should not be special invitees at CWC meetings, as they were on February 8.

By and large, those attacking Arjun Singh on the White Paper issue, besides some of the newly-inducted Ministers, want to prove their loyalty to the Prime Minister. Others are more concerned with the impact the salvos and counter-salvos would have on the public. Many feel this would only help the BJP.

What will all these lead to? As of now it seems the crisis will be defused, outwardly. The fireworks will come only at the AICC meeting. Though ardent Narasimha Rao-loyalists are firm on action against Arjun Singh, with some suggestions such as that he should be sent out of the CCPA, if not the Cabinet, peacemakers are at work.

The murky situation in the party is evident also from the general attempt to offer sops and at times to act tough. The reshuffle of the Council of Ministers, for instance, was an attempt to appease some. But this has led to general disenchantment: while some 'veterans' have moved in, others have been left out.

The appointment of the team to oversee the functioning of the governments in the erstwhile BJP-ruled States is also seen as a balancing act—with loyalty as the criterion. The disciplinary committee with R.K. Dhawan is seen as part of the carrot-and-stick approach. For Dhawan himself is locked in battle with H.K.L. Bhagat for control of the Delhi Pradesh Congress Committee.

Within the AICC there are aspirants for party posts. While there were moves earlier to keep N. D. Tiwari out, efforts are now on, after his induction into the CWC, to negotiate with him. Key advisers to the Prime Minister are wary of him, as they are of Arjun Singh, fearing the emergence of a Pawar-Arjun Singh-Tiwari combine. With the dissidents rallying around Arjun Singh, attempts are being made through Minister of State in the Prime Minister's Office Bhuvanesh Chaturvedi to woo Tiwari, though this is not to the liking of all. Tiwari is being given increasing importance at the Centre; he toured U.P. with the Prime Minister and is summoned to Delhi more frequently.

Pawar is keeping an unusually low profile though only a few months ago meetings had taken place between him and Arjun Singh. There was a time when Pawar was seen as the No. 1 rival to Narasimha Rao: in fact he had entered the fray for the prime ministership in 1991.

Curiously, the degree of and the reasons for the dissidence vary. Fotedar seems still stunned by his removal from the Ministry; A.R. Antulay was looking for a Cabinet post; K.N. Singh is desirous of a place in the Congress sun. In West Bengal, Ghani Khan Chaudhury has been left out in the cold; the Tamil Nadu outfit seems to have hardly gained by the reshuffle.

Ripples of dissent are visible all over, though they are more in the North, particularly because of the inaction of Ayodhya. A feeling has even percolated down that the Prime Minister is more bothered about maintaining his

Southern bastion and, therefore, is keeping the North low down on the agenda. In the South too, however, there are persons like Kerala party chief Vayalar Ravi, who has voiced differences on policy. There is also a section which does not see eye to eye with Narasimha Rao on the economic policies. The Tirupati resolution of the AICC was passed not without some voices of caution. The Prime Minister's pronouncements at his recent meetings with bureaucrats, particularly his attack on the old policies, have created doubts whether he is set to usher in a system of total 'open sesame.'

Going by numbers, fence-sitters form the biggest group, followed by loyalists. But the loyalists keep changing. Senior Congressmen say that Indira Gandhi rewarded loyalists; Rajiv Gandhi followed a policy of generally trusting them until there were reasons not to do so; but Narasimha Rao not only follows an overcautious approach, but can drop or disown a trusted person any time.

Making the confusion worse confounded is a fear a la 1969-70, the early days of Indira Gandhi. Narasimha Rao may have been a consensus candidate at a particular period, but in the present circumstances, is he an asset of a liability? In the Congress that has emerged over the years, there are three basic considerations. First, getting the ticket for the elections. Second, the 'note,' or the money to fight them. And third, getting votes. In the present circumstances, the doubts concern the last two. Like Indira Gandhi or her son, will Narasimha Rao attract crowds, or will the party have to arrange crowds for him? When the chips were down, Indira Gandhi could take the battle to the enemy's camp and garner some votes in the process. Rajiv Gandhi too had his heyday. But Narasimha Rao now has no 'star value.'

Again, Indira Gandhi, with a whistle-stop tour, could ensure that money came in. Industry was kept in good humour despite a few attacks here and there. The same was by and large true of the Rajiv era. Narasimha Rao has no money value either.

Not a very inspiring thought for ticket-seekers. Worse, the general response to the Congress and Congressmen, especially in U.P. Rajasthan, Gujarat and to some extent Madhya Pradesh and Maharashtra, at times borders on hostility.

The Congress(I) is on the boil. At the CWC meeting, the minority nature of the dissent will be sought to be exposed, but the period before the AICC session may see many things happen. More sops are expected; there are even plans for yet another shuffle of the Council of Ministers as also of Governors. Changes in the AICC's composition cannot be ruled out.

It is, indeed, a situation between the dilemmas of 1969 and 1990. But unlike the 'Syndicate'-'Indicate' situation of 1969, this time what has to be countered is a semi-fascist trend and its cadres. In such a situation, despite the sops and the professions of loyalty, support could well start dwindling, anytime.

Party Self-Destructing

93AS0672I Madras FRONTLINE in English 26 Feb 93
pp 11, 14

[Article by Sukumar Muralidharan: "Politicking On: Congress(I) Back to its Old Games"; italicized words as published]

[Text] When Dinesh Singh, recently resurrected from political oblivion, fired a salvo against Arjun Singh in the ongoing faction fight within the Congress(I), it was a case of history repeating itself. Some six years ago, the Congress(I), then in the dynastic custody of Rajiv Gandhi, had called upon his services to beat back a challenge from within, mounted by Vishwanath Pratap Singh.

V. P. Singh had, as Defence Minister, found *prima facie* that certain defence procurement deals concluded under the Rajiv administration, had involved massive commissions paid to diverse shadowy operators with political connections. When he ordered an inquiry he found himself under attack from within his own party. His offence was not that he had raised an issue that did not merit attention, but that he had done so in defiance of the man who had inherited the party leadership as a matter of dynastic right. In the Congress(I)'s scale of values, corruption was obviously a lesser sin than bringing the corrupt to book.

The events leading up to V.P. Singh's resignation from the Government, and later the party, were set in train by a verbal broadside launched by Dinesh Singh within Parliament. The reward of a Cabinet post had then followed for Dinesh Singh. This time around, the reward has preceded the conspicuous display of fealty by the erstwhile raja of Kalakankar. His appointment as Minister for External Affairs in the mid-January Cabinet reshuffle had been widely interpreted as a move to neutralise the influence of Arjun Singh. As with V. P. Singh six years ago, the Congress(I) bosses obviously believe it takes a Thakur to fight a Thakur.

There may be minor differences of detail. But clearly the tendency to sacrifice principle in elaborate displays of loyalty has changed little since the days of dynastic rule. Indira Gandhi and Rajiv Gandhi had, through their decade of undisputed suzerainty in the Congress(I), instituted a regime of intolerance for dissent. P.V. Narasimha Rao has inherited this regime, though he lacks the authority the two predecessors had. Hence, all the lip service to the need for a new consensus within the party. Hence, the elaborate pretence of a new beginning in the Tirupati plenum of the party last April.

In a substantive sense, the party's progress since Tirupati has belied every hope that was raised then. At no time has it appeared that the Congress(I) was really working towards a consensus on issues of political significance. Economic policy has become a virtual captive of Manmohan Singh, an apolitical bureaucrat risen to the apex of the Finance Ministry. This undoubtedly embodies a long-term political threat. More immediately, the response to the challenge of the Bharatiya Janata Party (BJP) continues to be marked by the temporising

approach favoured by Narasimha Rao. And this has caused some consternation among Hindi belt politicians like Arjun Singh.

A party committed to consensus will undoubtedly find ways of co-opting the hardline approach towards the BJP that Arjun Singh has been advocating. But the actual response of the party has been to evade the issue by personalising it. This was apparent when Arjun Singh shot off his famous missive last July, urging the Prime Minister to summon a meeting of senior party functionaries to discuss the BJP challenge.

Narasimha Rao's response then was low-key and equivocal. But Rajesh Pilot, then Communications Minister, took it upon himself to respond to Arjun Singh, reminding him of the Congress' traditions, and chiding him for daring to think that the party would ever compromise with the forces of communal politics. Other partisans of the *status quo* within the party were quick to point to overweening personal ambition, rather than any commitment to principle, as the main motivation for Arjun Singh's letter.

Whether or not Pilot had acted then at the Prime Minister's behest is unclear. But the fact is that the energetic politician from Rajasthan has since been Narasimha Rao's favourite trouble-shooter. His penchant for meddling in matters of internal security while holding charge of communications was a source of never-ending irritation for Home Minister S. B. Chavan. And when the Prime Minister wished to signal his displeasure with Chavan's performance, he merely moved Pilot into the Internal Security slot in the Home Ministry. That in the process he unleashed a bitter battle for turf between Chavan and Pilot—when the country could least afford these unseemly wrangles at the top—seemed to be of no consequence. In the game of checks and balances, Narasimha Rao had scored another point.

But how far really can the game be pushed? The Prime Minister's main source of support in the battle within the Congress(I) is the phalanx of parliamentarians from the South. But this group is becoming increasingly restive, riven by disputes over the sharing of the spoils of office. The mid-January rearrangement of the party and the Government did little to contain their disgruntlement.

Where the Hindi belt is concerned, the political resources at the disposal of the Prime Minister are paltry. Hence the dependence on rootless politicians like Dinesh Singh. Another category of northern politicians seems inclined to take the Prime Minister's side in the ongoing faction fight. Those like Welfare Minister Sitaram Kesri and Rajesh Pilot undoubtedly see in the prevailing political vacuum that is the Congress(I) in the North, an opportunity to fashion for themselves an independent political constituency. If this pursuit involves some prevarication towards the BJP, neither Kesri nor Pilot seems to mind.

On his part, Arjun Singh's latest moves represent a last ditch effort to salvage his credibility within the political configurations in the North. Long an advocate of a

hardline approach towards the BJP, he has rarely pushed his insistence to its logical conclusion. Every public statement of disaffection with Narasimha Rao's temporising approach has been quickly followed up with ritualistic statements of loyalty to the leader.

At a certain stage it appears that Arjun Singh found himself being manoeuvred into a position where he would be obliged to sanctify the Narasimha Rao approach with the imprimatur of his approval. In a crafty move, the Prime Minister, after the reshuffle, appointed Arjun Singh as the head of the Cabinet sub-committee to finalise the Government's White Paper on the December 6 incidents at Ayodhya.

Arjun Singh was quick to see the political projectile tossed in his direction. The White Paper, by all prior indications, was in an advanced stage of completion when it was entrusted to his care. S.B. Chavan had on at least two occasions—one as early as December—said the paper was ready. The same theme was reaffirmed by M.M. Jacob, who was, till his unceremonious ouster in mid-January, Minister of State for Home.

Narasimha Rao's message to Arjun Singh, though oblique, was clear—fall in line or quit. Arjun Singh saw much that was objectionable in the draft White Paper. He hence signalled in no uncertain terms that he was unwilling to play along. In the process, he gave renewed momentum to the internecine battle within the Congress(I).

Whether the party, now more than ever a house divided against itself, will manage to co-opt his challenge remains to be seen. But there is no shortage of political observers prepared to bet that it will instead succumb to its latent self-destructive urges.

Rao Winning Battle

93AS0672J Calcutta *THE TELEGRAPH* in English
7 Mar 93 p 8

[Article by M. J. Akbar: "Lambs in Lion's Clothing"; italicized words as published]

[Text]

Rivals to Narasimha Rao's Authority Within the Congress Have Not Stood Their Ground

The lion is the world's most dangerous animal for man. Not because it is a man-eater but because it is a human tempter. There is little danger these days of being eaten up by a lion. I daresay there was never much danger of that since animals are essentially far more civilised than human beings, and refused to indulge in violence simply for enjoyment or to annihilate others. History is witness to the fact many times more lions have fallen to human perversity, officially labelled hunting, than men have died from leonine assault.

The real danger arises when men impressed by lions and tigers make them their role models, give themselves honorifics and then find themselves lacking. That is why they survive, but their reputations die, of that extremely fatal cancer called humiliation. If you want to call yourself a tiger, by all means do so. But then don't

behave like a rat. And if you want to position yourself as a lion you are most welcome—but just see that you do not conduct your life with the basic instincts of a lamb.

The one politician I can recall who got away with a self-styled honorific was the late Sheikh Abdullah, popularly styled lion of Kashmir. The "lion" image was, actually, a bit of an accident, mainly arising from the fact his chief opponents in the Kashmir valley in 1947 and 1948 identified themselves with goats. When the lion therefore ate up the goats—Sheikh Abdullah's political appetite was no less voracious than his personal one—the reputation stuck. But the real reason people believed he was a genuine lion was not because he ate up goats, lesser animals do that too. The Sheikh became a true lion when he stood his ground in adversity and was ready to pay the price demanded by his political faith. A lion stands his ground.

Mr. Sharad Pawar came to New Delhi with all the trappings and ambience of a lion. He had just triumphed a second time in Maharashtra defeating the Shiv Sena and the Bharatiya Janata Party in a general election which saw the *Hindutva* wave swamp Uttar Pradesh and deliver the largest number of members of Parliament ever to the BJP. It is obvious if the Congress had not won Maharashtra in 1991 it would never have been able to form the government in New Delhi.

Moreover, none could really share the credit with Mr. Pawar after Rajiv Gandhi had been assassinated; he now remained the only Congress leader with a mass base in his home state. Even a declared rival like Mr. A.R. Antulay was forced to ask Mr. Pawar to campaign for him in his own constituency. It was this kind of mass support which kept the majority of the MPs [Member of Parliament] of Maharashtra in the Pawar camp, and it was the support of this core group of MPs which enabled Mr. Pawar to make a serious bid for nothing less than the prime ministership of India. He signalled at a meeting of the Congress working committee that he was not ready to accept the leadership of Mrs. Sonia Gandhi in place of Rajiv Gandhi and this at a time when Mr. Sitaram Kesri was indulging in his favourite drama of laying his cap at the feet of Mrs. Gandhi and demanding she save the nation since no one else could possibly do so. That was the Mr. Pawar who was eventually persuaded to resign from the chief ministership of Maharashtra and come to New Delhi to become defence minister of India.

Mr. Pawar who is now returning to Bombay to replace a lesser mortal like Mr. Sudhakarrao Naik looks, if you will pardon my irreverence, much more like a lamb than a lion. It might not have been quite so bad if Mr. Pawar had not forgotten that in politics you never say never. However, Mr. Pawar did. Just recently, when he was asked by journalists whether he would be ready to go back to Bombay as chief minister Mr. Pawar adopted a slightly lofty tone and announced that any regressive step was totally out of the question.

The journalists had not asked this question either accidentally or innocently. Ever since the anti-Pawar lobby had lost out in the Naik tussle they had been searching

for compensatory punishment—and what better way to bring Mr. Pawar down than to send him back to base? The prime minister naturally was only too happy at the thought: he was killing about half a dozen birds, from soaring eagle to humble sparrow, with only one stone. After all, Mr. Pawar had come to New Delhi mainly because he felt he had outgrown Maharashtra politics, that he was now ready for higher things—and among the higher things was obviously the prime political job in the country.

Removing Mr. Pawar from New Delhi not only stymies one ambition, it also scissors any potential combination of forces between Mr. Pawar and Mr. Arjun Singh. Nor was there much grace in the manner of departure. Mr. Pawar made his reluctance all too public, citing discipline from his bag of excuses only when he has run out of all other reasons. There is no point pretending Mr. Pawar is being sent to Maharashtra because he is the only one who can tackle the communal situation there. Such reasoning would have sounded credible if it had been offered in the second week of January.

Having tackled Mr. Pawar neatly, the prime minister will doubtless turn his attention once again to the real problem in his life, Mr. Arjun Singh. It is a pity he cannot send Mr. Arjun Singh to Madhya Pradesh on the excuse there have been terrible riots in Bhopal and the Congress needs to be saved in the state. And Mr. Arjun Singh's loyalty to the party is not going to extend to exile in any gubernatorial corner. But there will be other ways of signalling to the Congress as well as the country that the balance of power in New Delhi is shifting. The quiet demolition of Mr. Arjun Singh in the pecking order of Parliament seats is one such signal. Not too significant in real terms, but a hint to those who understand.

The next step could be more effective: dropping Mr. Arjun Singh from the political affairs committee of the cabinet and replacing him with Mr. Dinesh Singh, a move that could well occur just after the next All India Congress Committee [AICC] session scheduled for the end of the month. The AICC, naturally will be a public show of strength between the incumbency and the insurgency. Having settled the one man one post problem in his favour long before the session the prime minister will seek to maximise his advantage to the extent he can. His strategy will be to discover how much pressure he can apply on Mr. Arjun Singh without breaking the party.

Mr. Narasimha Rao understands the tensile strength of the Indian National Congress, particularly when it is in power. It can bend beyond belief without breaking. And the political system in India is too heavily loaded in favour of the incumbent. The Indian *kursi* is coated with a particularly strong glue. All you have to do is find a way of getting to sit on it. Once there, it is virtually impossible to prise you out. There are simply too many power blocs with a vested interest in the *status quo*, and a prime minister can activate them any moment he wants.

In response the rebel has two weapons. One is the simple threat of destabilisation. A prime minister has to keep

half the members of Parliament with him; a rebel only has to ensure the prime minister's support slips below that halfway point. Theoretically that may not sound too difficult, but reality is a different ballgame. Because all too often the only way you can preserve the baby is by also retaining the bathwater.

It is really the second weapon which can make a difference, for the numbers game is far better played by the establishment. If the rebel wants to succeed, he must be armed with an idea, a cause. If rebellion is viewed as only an exercise in ambition then it is most unlikely to succeed. However, if you are going to be propelled by a cause, then the risk factor also goes up proportionately. You have to be prepared to resign and take your battle to the grassroots, into the open where there is a constituency for ideas and action. You cannot roar like a lion and surrender like a lamb when the call for battle comes.

Both Mr. Pawar and Mr. Arjun Singh have been accused of being partial to metamorphoses whenever the critical moment comes. Nothing has happened yet to change this image. The succession stakes are not going to be an easy gallop.

And they might keep an eye on the total outsider. For the strangest thing happened the other day. Mr. V.P. Singh addressed a pro-Chandra Shekhar rally in Ballia. If, as now seems possible, Mr. Chandra Shekhar can actually create some consolidation of political forces under him, with support from the left, another horizon will open up. For a long while there were no outsiders in the race for prime minister, but the mood of the decade could quite well be very different. This could be the age of the outsider. Who, after all, was more of an outsider than Mr. P.V. Narasimha Rao?

No Improvement Reported in Rao-TNCC Talks

93AS0605B Bangalore DECCAN HERALD in English
16 Feb 93 pp 1, 9

[Article: "No Headway at PM-TNCC (Tamil Nadu Congress Committee) Talks"; boldface words as published]

[Text] New Delhi, Feb 15—Tamil Nadu Congress(I) leaders V. Ramamurthy and S.R. Balasubramaniam today met Prime Minister P.V. Narasimha Rao to discuss the growing problems between the Congress(I) and the ruling AIADMK [All India Anna Dravida Munnetra Kazhagam] party in Tamil Nadu but failed to take a final view.

The meeting was described as inconclusive by Mr. Ramamurthy. The leaders have been asked to stay back in the capital for a couple of days more for another meeting with Mr. Rao, who is also the Congress(I) President. Sources, however, rule out a threat to the alliance in view of these meetings. Mr. Rao had summoned the two to Delhi yesterday to convince them of his viewpoint favouring an alliance with the AIADMK for pragmatic reasons.

The State leaders have not expressed themselves against a continued alliance but have objected to the anti-Congress(I) campaign being carried out by the AIADMK, particularly by its leader and State Chief Minister Jayalalitha. The "humiliation" of State Congress(I) leaders at the hands of AIADMK must end, they say. But how Mr. Rao can help towards that is not clear. The State unit's case is that if the only way to end the humiliation is by snapping ties with the AIADMK, they are prepared even for that.

The Central view is that the alliance must continue at all costs and according to some reports, Mr. G. K. Moopanar, who met Mr. Rao after a visit to Madras was categorically told that nothing should be done to break the alliance. Mr. Ramamurthy said that at today's meeting the Prime Minister did not say any such thing and only heard their side of the story. The schedule of the next meeting is uncertain. It would probably be held after party general secretary in charge of Tamil Nadu Motilal Vohra, who has again gone to Madras, comes back to Delhi.

DH News Service from Madras adds: BJP [Bharatiya Janata Party] all-India General Secretary K. N. Govindacharya today did not rule out an electoral alliance between the BJP and the AIADMK in the future although he admitted that the two parties had not taken any firm steps in that direction.

Addressing a press conference here, Mr. Govindacharya said the present wedge between the AIADMK and the Congress(I) "can't be bridged by patchworks." He said: "Internal contradictions and political needs" militated against a stable relationship between the two parties.

Apparently referring to the despatch of two Congress(I) emissaries to mend fences with the AIADMK, Mr. Govindacharya said superficial gestures and repeated meetings would not remove mutual distrust.

Mr. Govindacharya clarified that the BJP had not approached the AIADMK for any electoral alliance or seats adjustments. He said the BJP and the AIADMK had a common perspective on combating terrorism in Tamil Nadu.

Mid-Term Polls: He said that the Narasimha Rao Government would not last beyond this year and that a mid-term poll to the Lok Sabha was inevitable.

He said internal contradictions in the ruling and non-performance would make the Narasimha Rao Government either turn autocratic or drift towards a mid-term election.

Drawing a parallel to the 1975 JP movement, Mr. Govindacharya said Mrs. Gandhi weathered the storm by resorting to emergency. But the Narasimha Rao Government, despite its tendency to lean towards hard options like banning the proposed BJP rally in New Delhi on February 25, was essentially weak and the party had become directionless.

He said the Narasimha Government would lose the moral right to rule and would be forced to seek a fresh mandate.

He said the BJP proposed to mobilise one million people for the proposed Boat Club rally being held in defiance of the ban. The party would ensure that the rally was peaceful and the workers would offer satyagraha in the event of arrest.

Replying to questions, he said even before becoming Chief Minister, AIADMK General Secretary J. Jayalalitha had favoured the construction of the Ram temple at Ayodhya and respect for the sentiment of the majority community, supported the kar seva and condemned the arrest of Mr. L. K. Advani in 1990 by the V. P. Singh Government.

When his attention was drawn to the shift in Ms. Jayalalitha's stand after the demolition of the Babri Masjid on December 6, Mr. Govindacharya said it might be a reaction to "the unexpected happenings" at Ayodhya.

Rao's Political Aides Prepare Anti-BJP Campaign

*93AS0605C Madras INDIAN EXPRESS in English
17 Feb 93 p 21*

[Article by Bhaskar Roy: "Rao To Take on BJP"]

[Text] New Delhi—Prime Minister P.V. Narasimha Rao has finally decided to hit the road to carry out the anti-BJP [Bharatiya Janata Party] campaign in an attempt to remove misgivings about his willingness to take on the principal opposition party.

A detailed programme has been prepared by Mr. Rao's political aides in consultations with the Pradesh Congress Committees (PCCs) for his tour to several northern states. According to party sources, Mr. Rao wants to concentrate on the four states which have come under President's rule following the dismissal of the BJP governments.

Uttar Pradesh Congress unit President Mahavir Prasad submitted a plan for seven major sadbhavna rallies covering different parts of the state to the party high command on Monday. The rallies will be taking place between February 28 and April 4 at Sahranpur, Hardoi, Gorakhpur, Farukhabad, Gonda, Etawa and Pilibhit. The Prime Minister is likely to address a few of them.

Mr. Rao has been charged with inaction and ambivalence in the face of the BJP challenge by the party dissidents. At the Congress Working Committee (CWC) meeting last week, senior party leaders expressed unhappiness over the immobility of the party in the wake of the Ayodhya demolition. The veterans including former UP [Uttar Pradesh] chief minister N. D. Tiwari emphasised that the party leaders should go to the masses to explain their position on the Ayodhya issue.

Mr. Rao who took no initiative in implementing the action plan prepared by the CWC after its earlier meeting in December, had to face criticism from his party colleagues. Spurred by the mood in the party, he

has now agreed to tour these states. Initially he is scheduled to address two rallies in Madhya Pradesh and a few more in UP.

Mr. Rao's foray into these four states where Assembly elections are due in a year's time, will also help project him as the party's chief campaigner. Though he is completing two years as Prime Minister, Mr. Rao's effectiveness as a campaigner has not yet been tested.

He did not tour Punjab during the Assembly elections. With the challenge to his position from within the Congress getting sharply defined, these tours will be a test for his crowd-pulling abilities.

BJP Surge Towards Power Examined, Seen Inevitable

93P50121 SAPTAHIK BARTAMAN in Bengali
27 Feb 93 pp 13-16

[Article by Sukumar Datta: "BJP's Surge Towards Power is Worrying all the Other Political Parties"]

[Text] Why has the BJP [Bharatiya Janata Party] suddenly become so confident? Why have Hindu fundamentalists jumped into the fray of a militant movement, promising an ideal society with full economic progress in this land of Gandhi? For answers, we must look at BJP's past. The present BJP was reborn from the remains of the Jana Sangh of Shyam Prasad Mukherjee. When Shyam Prasad established the Jana Sangh, the RSS [Rashtriya Swayamsevak Sangh], accused of being involved in Mahatma Gandhi's murder, had been banned along with the Hindu Mahasabha. RSS thus found a place within the Jana Sangh for the survival of its constituent elements. However, due to the strong individual leadership of Shyam Prasad Mukherjee, they could never set the agenda. As long as Mukherjee was alive, RSS elements were held at bay. Of the two individuals [RSS members] who were able to draw close to Mukherjee, one, Deendayal Upadhyay, died under mysterious circumstances. The other individual was Atal Behari Vajpayee. He remains a front line leader within BJP. Molded under the influence of Shyam Prasad, the intellectual Vajpayee never was trapped in narrow religious fundamentalism. After the departure of Mukherjee, the RSS slowly became an integral part of the Jana Sangh.

One viewpoint on this topic is noteworthy. In the latter part of the 1960's, an important gathering of Jana Sangh workers was held in Chandigar. Monaharlal Sondhi was then Jana Sangh's elected leader. He was very enthusiastic about this gathering. RSS leaders, unlike Sondhi, however, were not open to allowing outsiders into the gathering. They tried many schemes to stop Sondhi. Yet Sondhi was too obstinate. Then the RSS leaders adopted other means to fulfill their wishes. Once, Sondhi showed up uninvited to convince RSS members of his position. He showed up at a breakfast meeting; and not only did they refuse to serve him, they even denied him water. There was no shortage of food and water at the time. As luck would have it, Sondhi fell ill at the time. Yet no one assisted him. When a reporter informed

the RSS officers, they scolded him. They did not call a doctor. This incident illustrates how RSS treats outsiders. [passage omitted]

The late Jayaprakash Narayan, whose primary concern was the welfare of the nation, welcomed the Jana Sangh into his anti-Congress alliance. This was a great point of political pride for Jana Sangh, as a result of which RSS leadership was isolated. While Jayaprakash Narayan was alive, RSS kept a low profile. Nevertheless, they had an imperceptible hand in influencing the direction of the Janata government. When the Janata party later split, RSS at last was freed, survived the upheaval, and attached itself to the BJP.

Meanwhile, the BJP was accepted as a political party and gained an acquittal from untouchability. Many new individuals were attracted to the party, which received respect as a national alternative. V.P. Singh later accepted BJP's 90 elected parliamentary members as a main pillar of his coalition. Then BJP began to grow. It cannot be said what might have happened had V.P. Singh not made them a part of his coalition. RSS leaders, those who took a long-term perspective and who saw themselves slowly, patiently rising, would actually have waited longer [to see a precipitous rise in their popularity]. But they had to respond when the fuss started about reservation by caste [The Mandal Mission Report]. They saw the possibility of damage to Hindus resulting from this. They saw that once the psychological atmosphere of casteism began to flourish, the attraction of Hindu fundamentalism would correspondingly diminish. In this scenario, BJP would flounder. Thus, defying the prohibitory orders of V.P. Singh, they designed the program of a nation-wide Ratha Yatra [religious pilgrimage] in which Advani would travel from Somnath Mandir to Ayodhya. If this Yatra had been cut off at the point of origin, the ensuing communal disturbances would perhaps have been on a lower scale. But when the Rath was cut off in Bihar, militant Hindutva [Hinduness] transformed into turmoil. In many places, there have been communal riots and incidents. Before disappearing [withdrawing] from the government, BJP brought on its downfall and mid-term elections. BJP then went from 88 to 121 seats in Parliament. BJP showed that even by giving up Gandhism [meaning not given] and political prattling, by concentrating solely on religion, there is much to be gained. Even if BJP did not approve of clashes [over religion], RSS's more rigid attitude would not allow them to refrain. The moves they made created a difficult situation for Narasimha Rao and created in the country, especially in the Hindi-speaking regions, an atmosphere in which blind adherence to religion overshadowed intellectual judgment. The situation became one in which BJP, in opposition to everyone, was capable of determining the future of the land [at the disputed site in Ayodhya].

For all this time, overcoming Congress has been the goal of all opposition alliances. Now, the situation has reversed. All the parties are now contemplating what they can do to strengthen Congress against BJP. Even a

highly ideological party such as CPI [Communist Party-India] is not dismissing the possibility of an electoral alliance with Congress to avoid splitting the vote against BJP. Whatever they may say or however highfalutin their political jargon is, the fact is that that BJP's growth worries CPI. It is only natural that BJP will become even more eager to take up the cause of religious fundamentalism. Pakistan, Bangladesh, and Iran are providing imperceptible assistance to BJP by promoting religious fundamentalist states. BJP benefits by these states being extremist.

BJP is responsible for internal strife [in India]. First, VHP [Vishwa Hindu Parishad], Shiv Sena, and Bajrang Dal, along with many other organizations, are joining with BJP even though they are not connected. There is no room for doubt that these organizations are responsible for this chapter on Ayodhya [implication being that the Ramayana epic continues in present day India]. There is a class within BJP who welcomes their leadership in agitation. Murli Manohar Joshi is the high priest. They are blessed by RSS. Advani, even though he is not of this group, is compelled to adopt the image of a militant in the struggle for leadership. Individuals like the Shankaracharya [religious leader] of Dwarka have criticized BJP for using sadhus and sants [religious leaders] in the effort to build Ram Mandir. Their position is that if BJP and VHP are unsuccessful in building the mandir, sadhus will take the blame. Anxious to reach the halls of power, BJP does not want to cut off the support of sants and sadhus whose support they need. They simply will not compromise this. The demand for building the mandir will not waver. It won't end there either. Arrangements will be made to bring down other mosques built at disputed sites. They [BJP] are busy preparing for a movement in this direction. BJP's plan is to create a situation in which early elections become inevitable. RSS and BJP leaders know that if they waste time, the appealing message they are spreading will slowly dim in its luster. If they can get an election called this summer, they might capture 250 of the 318 seats in the Hindi-speaking region. They are certainly capable of scrounging together another 12 seats elsewhere [creating a near-majority in Parliament as Congress (I) now enjoys]. An absolute majority is a possibility. Even if they don't, they should gain the right to form the government as the largest party. And who is going to stop them from adding a few members by defections from elsewhere [as Congress does]? They will most likely return to power in the four states where Congress (I) dismissed their governments as well. All is dependent on elections being held, however! President's rule may last for only one year according to law. If there is an attempt to extend this, the future is uncertain. As long as the possibility remains of explosiveness over religion, the situation will be difficult. BJP is impatient. They will conduct an aggressive campaign and incite all sorts of communal disputes. The goal of course is to make mid-term elections inevitable. BJP, of course, will not accept the Supreme Court's verdict on the disputed site in Ayodhya. If a settlement is reached, it will foil their plans. They won't hesitate to

make every effort to foil the government's efforts. Even if the Ayodhya dispute is settled, disputes over sites in Mathura and Varanasi remain.

The activities of Muslims in Pakistan, Bangladesh, etc., are feeding fundamentalism here. BJP knows that Congress will not reach an agreement with the National Front or Left Front. Such an alliance would not last. BJP is thus in line to gain the honor of being the biggest party by splitting the opposition vote in the next election. This will fulfill BJP's vision. Having gained the throne and the right to rule, BJP will not give up its stance.

BJP Changes Attitude on Narmada Dam Issue

*93AS0606E Bangalore DECCAN HERALD in English
15 Feb 93 p 8*

[Article by M. Hasan: "BJP's New Attitude on Narmada Dam Issue"; italicized words as published]

[Text] Bhopal: While the Bharatiya Janata Party [BJP] is now desperately trying to regain its base among the tribals in the vast submergence area of the Narmada Dam, the BJP-controlled State Government, which was dismissed, had earlier unleashed a reign of terror on the oustees in Jhabua and its adjoining areas.

The BJP General Secretary, Mr. Govindacharya, who recently visited Jhabua, Alirajpur and Barwani to examine the rehabilitation work done by the previous regime, strongly favoured the movement being carried out by the anti-Narmada Dam activists in the region.

Mr. Govindacharya sounded reasonable on the Narmada project. In an attempt to placate the hurt feelings of tribals on the issue, he said that the people had a strong case against building giant, destructive dams.

The BJP leader did not suspect that activists were foreign agents as alleged by the former Chief Minister, Mr. Sunderlal Patwa. The BJP had gone a step further and indulged in the character assassination of Baba Amte and Ms. Medha Patkar.

At that time, Mr. Govindacharya observed a mysterious silence. He has now dug out a BJP National Council resolution favouring small and medium irrigation projects. But after the BJP came to power in Madhya Pradesh it became a champion of the giant Narmada project.

No Explanation

Mr. Govindacharya surely has no explanation for such contradictory postures on the part of the BJP. The former BJP regime had even surpassed the performance of earlier governments in suppressing the peaceful movement by the anti-dam activists. However, with an eye on the Assembly elections, the BJP leaders have not adopted a soft approach to the tribals who have more than once affirmed their resolve not to leave the area.

Even the former Chairman of the Narmada Valley Development Authority, Mr. S. C. Jain, who had called Baba Amte a foreign agent, has now begun to plead for the proper rehabilitation of the oustees. However, he

does not agree with his party general Secretary, Mr. Govindacharya's suggestion that the project should be reviewed.

On the other hand, the police have unleashed an unbridled reign of terror on the residents of Anjanwada and Sarkaja villages in Alirajpur Tehsil. The villagers, according to the anti-dam activists, are opposed to the survey of potential oustees of Sardar Sarovar Dam. The tribals in this area are not willing to move out. The police who, recently swooped on the villages even did not spare a pregnant woman from mistreatment.

Anjanwada village in Jhabua District will be submerged during the first phase of the construction of the dam. The police are now using force to browbeat the villagers. The activists said that false cases had been foisted on many of the villagers.

The survey is being carried out under the shadow of police terror. The main reason for the survey is to implement the World Bank conditionalities which said that it would release the next instalment of the aid for the project only after the satisfactory rehabilitation of the villagers and that the process should be completed in the next six months.

Forced To Leave

However, unwilling oustees have made the task of surveying difficult. Hence the police are being used to terrorise the people and force them to leave the area.

The State Government has, however, denied any police action in the villages. It has, on the other hand, launched a motivated campaign against the activists, particularly Ms. Medha Patkar. In a statement on February 12 the Government said that Ms. Patkar had "stage-managed some scenes for the benefit of the visiting newsmen about the demolition of houses by the police." The Government charged that Ms. Patkar had actively participated in levelling false allegations against government officials.

There is also an attempt to break the movement by weaning away the tribals from it. A result of this was that a memorandum was presented by some tribals on February 12 to the Governor, Mr. Kunwar Mehmood Ali Khan, "opposing the violent activities of the anti-Narmada Dam activists." They have also demanded the eviction of these "outsiders" agitating under the banner of Khedut Mazdoor Chetna Sangathan.

However, it should be mentioned that the movement has, by and large, been peaceful during the last six years—a fact conceded by even Mr. Govindacharya.

The movement has, however, suffered a setback with the departure of Baba Amte from Chotikasarwad in Barwani where he had been staying for the last three years. He had built a small cottage there and vowed not to move out from the place but to take *jal samadhi* in the water of the dam, if it was built. But the December communal

violence forced him to change his mind. He has left Chotikasarwad "for the bigger cause of communal harmony in the country."

It is not yet known whether he will come back to lead the anti-dam agitationists. His presence in the movement had no doubt given much respectability to the issue. He had successfully kept the movement away from the influence of political parties. Without Baba Amte the agitation will no longer be same.

Uttar Pradesh Congress Partymen Join BJP

93AS0605A Secunderabad DECCAN CHRONICLE
in English 15 Feb 93 p 9

[Article: "UP Congmen Join BJP"]

[Text] Muzaffarnagar, Feb. 14 (PTI): The Uttar Pradesh Youth Congress vice-president, Mr. Yashpal Pawar, resigned from the party and joined the Bharatiya Janata Party (BJP) here on Sunday along with hundreds of Youth Congress workers.

They quit and joined the BJP in presence of the BJP district general secretary, Mr. Subhash Sharma.

BJP Leader Advani Demands Mid-Term Poll

93AS0605G Secunderabad DECCAN CHRONICLE
in English 22 Feb 93 pp 1, 9

[Article by P. A. Rama Rao: "Advani Demands Mid-Term Poll"]

[Text] New Delhi, Feb. 21: The BJP [Bharatiya Janata Party] leader, Mr. L.K. Advani on Sunday demanded mid-term elections to Parliament, saying that the "total erosion fog the moral authority" of the Union Government was the "single most important problem facing the country."

Addressing a news conference here, he stated that the principal issue before the country today was the political credibility and survival of the Government. "A virtual civil war has broken out within the Congress-I party, as a political organisation, it is in tatters, the Union Cabinet is deeply divided, Ministers in the same department are at loggerheads with each other, the leadership is in the grips of indecision and drift," he said referring to the internal squabbles of Congress-I in Maharashtra, Orissa and other States.

"The demand for mid-term polls stems not because the BJP's winning chances are bright, but due to the turmoil within the ruling Congress-I, which led to instability in the country's polity a state of paralysis in administration and threat to the vital decision making," he added.

Mr. Advani appealed to the Government to lift the ban on the Bharatiya Janata Party's proposed February 25 rally here, saying that "it would be peaceful at all costs."

He said instructions have been given to all supporters of the BJP to maintain peace during the rally.

Asked how the Government could believe the BJP's assurances now in view of what happened at Ayodhya on

December 6, Mr. Advani pointed out that was an isolated incident. "Our April 4 rally here last year was the biggest ever held in Delhi," he said.

Asked whether he was confident that the BJP would come to power if elections were held in the near future, Mr. Advani said the feedback received from partymen showed existence of a "strong BJP wave in the country." This made the party "optimistic" of coming to power.

The BJP leader said that about two years back, the Government had become the "unwilling implementor of an economic reforms programme." But, now that the inner contradictions of the party have surfaced, even this flagship of the present Government had run aground. The BJP was of the view that potentially this will have very serious ramifications for the country. Already, tardy implementation had caused untold misery to the common man.

Eventhough the rate of inflation had fallen, the consumer price index continued to be unacceptably high and the stranglehold of rising prices was causing grave deterioration in the quality of life of all Indians.

The BJP leader held the Union Government and the Governments of Maharashtra and Gujarat as "directly responsible" for the violence witnessed in Bombay and in parts of Gujarat in January this year and said it could have been prevented had the Union Government acted with decision and despatch. "It has instead demonstrated unforgiveable callousness and a preoccupation with Congress infighting."

Quoting some of the Congress-I leaders' statements, Mr. Advani said the violence in Bombay and parts of Gujarat was not the result of Ayodhya incidents in December last.

Mr. Advani reiterated the party's demand for holding elections in Uttar Pradesh, Madhya Pradesh, Rajasthan and Himachal Pradesh (where the BJP governments were dismissed and Assemblies dissolved following the Ayodhya outrage) before June 15, and immediate lifting of the ban on RSS [Rashtriya Swayamsevak Sangh], VHP [Vishwa Hindu Parishad] and Bajrang Dal.

Lift Ban

The ban on RSS, VHP and Bajrang Dal, as also the ban on BJP rally scheduled for February 25, were "both undemocratic and unnecessary." The BJP had every right to engage in non-violent and peaceful political programmes and would not accept any curtailment of the Constitutional right. Instead of deploying its vast police and para-military apparatus to seal the borders of Delhi to prevent the BJP rally, the State power should be utilised to seal the Bangladesh and Pakistan borders so that infiltrators and illegal immigrants were prevented from endangering the country's security.

Criticising the Government for the continuing insurgency in Kashmir and the near insurgency like situation in Assam, he demanded that the full facts and the actual situation in these States be made known to the country.

Mr. Advani said the BJP was committed to educating the nation on the grave dangers posed by illegal infiltration into India and taking the issue as a matter of public education and political protest.

Terming the ban imposed on the rally as "unconstitutional," Mr. Advani condemned the Government's action in arresting the party workers at Osmanabad, Chandrapur, Jalna and other parts of the country, while they were on the way to Delhi. These actions were reminiscent of emergency, he claimed.

To insistent questions of newsmen, Mr. Advani was not prepared to condemn the Shiv Sena or its president Mr. Bal Thackeray, who had advocated violence against a particular community. He, however, added that he condemned all those who indulged in rioting and violence, irrespective of their caste and community.

Parliament Boycott

Mr. Advani said the executive of BJP Parliamentary party had decided that the party members should abstain from the joint session of Parliament on Monday, when the President delivers his annual address. The party's stand in Parliament during the railway budget presentation on February 24 and the Union Budget to be presented on February 27 would be decided when the executive meets again on Monday.

In his letter to the President, Dr. Shankar Dayal Sharma, intimating him of the BJP's decision to abstain from the "most solemn occasion in the Parliamentary calendar," namely the Presidential address to the joint session, Mr. Advani said that the decision was directed against Government and it does not affect the "deep and abiding respect we have for the high office of President, and for you as a person."

RSS Activities Seen Heart and Soul of BJP Strength

93P50128 Calcutta SPTAHK BARTAMAN 27 Feb 93 p 17

[Article by Partho Ghosh: "The 'Banned' RSS is the Strength of BJP"]

[Text] Narasimha Rao, a southern Brahmin, knows that if you cut off the ends of a plant but water the roots, it will not die. This is why, in order to finish off the BJP [Bharatiya Janata Party], he banned the RSS [Rashtriya Swayamsevak Sangh]. But what did the thoughtful Rao think would be the consequences of this plan? Did he think banning the RSS would stop BJP's march forward?

Programs sponsored by the many branches of RSS are now banned. Nevertheless, RSS workers are now actively pursuing a campaign to collect signatures of the masses. The signature campaign's purpose is to demand the building of a large Ram Mandir complex at Ayodhya.

Whatever the RSS or Congress government may claim, the effort in actuality is a collective one. Muslims in

Delhi and Bombay have signed on. The leaders of this campaign are first class RSS leaders, K.S. Sudarshna and H.B. Sheshadri.

If this campaign receives the support of the people, then it will have to be accepted as the will of the people. In Bengal alone, six million have signed. Political experts can't even imagine how many signatures will be gained throughout India.

At first [following the incidents in Ayodhya], RSS leaders were arrested and were jailed for quite some time. Now, these leaders are visiting their branches and meeting with sympathetic supporters behind closed doors.

H.B. Sheshadri paid one such visit to Calcutta recently. He stated that he was not traveling as a representative of the banned RSS. Instead, he was an individual concerned about [Indian] society meeting with others of like concern. His interest was in promoting progress in urban, rural, and tribal areas and he had come to Calcutta to discuss these issues.

In fact, whatever their methods, whether a signature campaign or members traveling privately, RSS is growing as a result. The benefactor is BJP.

I was able to speak with Sheshadriji when he came.

I asked, Has BJP given any kind of direction to workers regarding their surge towards power? Sheshadri answered, "Our ideals are very similar to those of BJP. They have asked for the lifting of the ban placed upon us. Naturally, I morally support them. But they don't give us orders."

Ghosh: Could BJP be banned?

Sheshadri: Narasimha Rao won't make that big of a mistake. Banning BJP would only benefit the party.

Ghosh: There is a lot of criticism of the Sangh Parivar [generally thought to include VHP, RSS, and BJP and sometimes taken to include other groups/parties such as Bajrang Dal and Shiv Sena] right now. What role are you taking to counter this?

Sheshadri: There is an effort ongoing to mislead the people. But it will fail. There was recently a convention in Bombay. It was attended by Shahabuddin [Muslim leader]. Even he did not ask this type of question. He knows that even Muslims are signing the petition. Who opposes it?

Ghosh: Right now, BJP benefits from [its relationship with] the Sangh Parivar. Have they indicated any plans to help maintain these ties?

Sheshadri: We are a banned organization! All branches have terminated their programs. Whatever beneficial programs were going on [outside the RSS] still go on with the participation of the people.

Sheshadri did not straightforwardly explain what these people-participation programs were. Yet we know from trustworthy sources that the signature campaign will go on through April. About the middle of April, a three point people's participatory program will begin.

First, a social equality program. Satyanarayan Puja [religious worship] will take place in one village after another. The style of the Ram Festival in Uttar Pradesh will be followed. Everyone in the villages will eat together. Valmiki Jayanti [religious festival] will also be held. Lower caste individuals will fully participate.

Second, social reform. In Kerala, RSS has established 1000 schools. At these schools, teachers will assist both urban slum-dwelling illiterates and village bumpkins. These types of schools are being established all over India.

Third, social welfare. Trees are being planted, wells are being dug as an effort is being made to assist the extremely poor in every village.

In Bengal, RSS is making an effort to confront all Hindu-hating powers, including CPM [the ruling government in Bengal for 16 years]. First, by reason and argument. Second, by strengthening intellectual organizations.

What if emergency measures are promulgated against BJP and RSS workers along with selected attacks upon them? I asked Kali Das, a RSS worker. He replied, "We do not take steps ahead of time against possible attacks. Party workers have been told, however, to be ready to face all possible circumstances."

United Communist's Central Committee Meets

93AS0648A Calcutta THE SUNDAY STATESMAN
in English 21 Feb 93 p 3

[First paragraph comment by THE SUNDAY STATESMAN]

[Text] The United Communist Party of India [UCPI], unlike its other political allies, does not blame the Congress(I) for the communal problem in the country and wishes to work together for national unity.

The central committee of the United Communist Party of India, which began its three-day session in Calcutta on Friday, is in favour of a joint campaign by the secular democratic parties for communal harmony and national unity. It has urged the CPI(M) [Communist Party of India-Marxist], CPI [Communist Party of India] and other Left parties to give up "their equivocal-equidistant approach" and accept the offer made by the Congress(I) in this regard.

Mr. Mohit Sen, general secretary of the party, said in Calcutta on Saturday that the neo-colonialists, still dominant in Washington, were out to destabilize India and convert it into a mega-Lebanon. Their allies in the country were helping them to turn India into a disfunctioning anarchy, he warned.

The UCPI, however, does not find any fault with Congress(I) in tackling the communal problem in the country. Mr. Sen thought the Central Government could not do much to prevent the demolition of the Babari Masjid at that time and believed that the Centre was betrayed by the Uttar Pradesh Government. He, however, pointed out the failure of the other parties in mobilizing the people to prevent the misdeed of the kar

sevak at Ayodhya. He felt that the Centre should have alerted the people about the dangerous situation instead of depending on the judiciary.

Mr. Sen was against holding of a mid-term poll as it would accentuate instability. He did not think that the BJP [Bharatiya Janata Party] would be able to come to power at the Centre if the elections were held now. "The BJP's strength is much exaggerated," he added.

The UCPI also supports the new economic policy of the Centre and does not think that it is being dictated by the World Bank and the IMF. Mr. Sen described the new economic policy of the Union Government as—"continuity with change." He was, however, against over-reliance on foreign aid and investment.

About Mrs. Roza Deshpande's severance of connexion with the party, Mr. Sen said, she was not expelled but had resigned from the party. She was a member of the central committee of the party and had been invited to the meeting of the committee, now being held in Calcutta. He alleged that Mrs. Deshpande had issued statements on the communal situation in the country, which were not only against the line of the party but more akin to the ideologies of the BJP and the Shiv Sena.

The UCPI is very critical of the West Bengal Government for its repressive measures as demonstrated by its treatment of Miss Mamata Banerjee at Writers' Buildings and closure of the Press corner. The Left Front Government has failed to tackle the problems of the State and is doing a "Great disservice to the image and cause of the Left Parties throughout the country," it stated.

Paper Gives Details of 1992-93 Economic Survey

Economy Stronger

93AS0643A Madras *THE HINDU* in English 24 Feb 93 p 8

[Boldface words as published]

[Text] New Delhi, Feb. 23. Substantial progress has been made in the course of the year in bringing about fiscal correction and this is reflected in the decline in inflation rate. According to the Economic Survey for 1992-93, which was placed in both the Houses of Parliament today, the phase of crisis management is over and the growth achieved thus far, by means of the measures aimed at economic stabilisation and structural reform, is satisfactory. However, the Survey cautions that a great deal remains to be done and calls for carrying on the process of structural adjustment and deepening of the reforms in Fiscal, Monetary, Financial Sector, Trade and Exchange Rate, Industrial, Agricultural and Energy Policies. With the improvement of the fiscal balance, the Survey feels that the Government would be able to devote larger resources to poverty alleviation programmes and human resource development (HRD). The Survey adds that it is the intention of the Government to begin this restoration straightway.

Attributing the prosperity achieved by many developing countries in Asia and elsewhere to HRD, and to policies

that encourage investment, efficiency and international competitiveness, the Survey has stressed the need for self-improvement. According to the Economic Survey, "True self-reliance is to be found in the capacity for self-improvement, for continuous learning, borrowing, adaptation and innovation." Outlining the aim of structural reforms, it goes on to say, "Self-improvement is driven by human endeavour, but conditioned by the social, economic and political environment, for this environment determines the incentive patterns which drive endeavour. It is this environment that our structural reforms aim to change. They seek to create an environment of opportunity and challenge, freedom and excitement. The Government must continue to protect the weak and help the poor, to ensure peace and prevent mischief. But beyond this, our people should have the chance to exercise initiative and ingenuity, for in their endeavour lies the promise for the country."

The economic situation has improved substantially in the year under review. There has been decisive progress in overcoming inflation and the rate of inflation has declined to seven percent. The balance of payments situation, though still difficult, shows hopeful signs with a pick-up in exports to the hard currency area. Industrial growth is picking up slowly and is better than in the previous year. The policy initiatives introduced after June 1991 have been seen to work, which gives confidence to the country that the direction of our reform is right. This Survey underlines the need to persevere with the reforms for overcoming the severe constraints on our economy and for assuring a more prosperous future for our people.

Reviewing the economy during 1992-93, the Economic Survey points out that the year has not been without setbacks. The irregularities in securities trading in some banks damaged liquidity and temporarily raised questions of confidence. The riots in December 1992 and January 1993 disrupted transport, slowed the growth of exports and industrial production and reduced revenue. Without these setbacks, the Survey comments, there would have been faster recovery in both output and employment in 1992-93.

Growth of GDP

The growth of GDP [Gross Domestic Product] is expected to exceed four percent in 1992-93 as compared to 1.2 percent in 1991-92. According to the Survey, the Kharif foodgrain harvest is likely to show a rise of as much as eight percent. While the prospects for coarse grains, kharif oilseeds crops and mustard are bright, the sugarcane crop is likely to be slightly lower. The supplies of edible oils are likely to be very comfortable. The agricultural situation this year is broadly satisfactory and even with a modest growth in rabi crop, agricultural output could be five percent higher than in 1991-92.

In contrast, the Survey points out that the industrial sector has continued to suffer from recessionary conditions through 1992-93, though the performance is better than in 1991-92. Production in the period April-October

1992 shows a growth of 3.8 percent. This is better than the marginal decline recorded in the same period of 1991-92, but it is well below the normal trend growth of industry. Industrial production in 1992-93 has been slow to recover for a number of reasons. Import restrictions which accounted for the poor performance in 1991-92 were completely removed by the end of 1991-92 when the new Liberalised Exchange Rate Management System (LERMS) was introduced. However, while quantitative restrictions on imports were not a constraining factor in 1992-93, the high cost of imported inputs, reflecting changes in the exchange rate, probably acted as a restraining factor in import-intensive industries. The new exchange rate will, however, help exports, and the resulting export stimulus would stimulate industrial production in more export-oriented sectors. However, the Survey points out that the export response will come only with a lag.

Interest rates were lowered in the course of the year and the volume of credit extended to industry was expanded considerably. Total bank credit to the commercial sector expanded by Rs [Rupees] 21012 crores up to January 8, 1993 compared with only Rs 7135 crores in the same period of 1991-92. There is evidence that industrial growth is accelerating. The moving average annual index of industrial production was stagnant seven months earlier and now shows a growth rate of 2.2 percent in the year ended October 1992. The extent of disruption in December and January is not yet easily quantified, but if the industrial recovery continues at the pace observed in recent months, the industrial growth rate for 1992-93 as a whole could reach four percent.

According to the Economic Survey, the Services have shown steady growth. The growth in road and rail transport, telephone connections, cargo handled and air passengers continued in 1992-93. An important feature of the economic situation in the second half of 1992-93 has been revival of investment activity. The total term loans sanctioned by the term lending institutions in the first quarter of 1992-93 had shown very little growth, but the position improved dramatically thereafter. For the period April-December 1992 the term loans sanctioned by the all India Financial Institutions show a growth of 70 percent while disbursements show a growth of 47 percent.

Balance of Payments

The Survey reviewed the policy initiatives taken in 1991-92 to overcome the strains on the balance of payments and pointed out that as a result of these, the situation slowly stabilised during that year. It was recognised that in the medium term, the solution to the balance of payments problem would have to come from a much stronger export performance, but in the short run the strategy had to be underpinned by mobilisation of external financing from the multilateral agencies and from bilateral donors. Visible support from the multilateral agencies was important for restoring international confidence.

Referring to the introduction of the new Liberalised Exchange Rate Management System and the reduction

of customs duty in the budget for 1992-93, the Survey comments that the trade and exchange rate policy was marked by major progress in eliminating unnecessary administrative and discretionary controls over foreign trade which were making our economy uncompetitive.

The year 1992-93 saw a revival of imports to more normal levels. The total value of imports in U.S. dollars in the period April-December 1992 increased by 16.5 percent over the level in the corresponding period of 1991-92. The increase appears large only in comparison with a highly depressed level prevailing in 1991-92. In fact, the level of imports in 1992-93 as a whole is expected to be around \$25 billion which is somewhat lower than the level in 1990-91.

Exports in 1992-93 performed far better than in 1991-92. Total export growth in the period April-December was 3.4 percent in dollar terms compared with an observed decline of 1.5 percent in 1991-92. The performance of total exports is depressed by the decline of more than 60 percent in exports to Russia and other Republics of the former Soviet Union in 1992-93. The growth of exports to the general currency area (GCA) in the period April-December was 11.4 percent. The average growth rate in April-December, 1992 has been adversely affected by a decline in exports of 12.5 percent in December, reflecting the disturbed conditions prevailing in that month. Figures for January are also likely to be depressed by the riots in Bombay. Total exports in 1992-93 may not exceed U.S. \$19 billion. But it is hoped that the export performance in subsequent months to GCA will return to the high growth rates of 15-16 percent observed during September-November.

The current account deficit in 1992-93 is expected to be around \$7 billions, reflecting the revival of imports to more normal levels. This deficit is being financed through a combination of traditional financing sources and exceptional financing.

The Economic Survey cautions that there are important uncertainties in the balance of payments. The full impact of the disturbances in December 1992 and January 1993 on exports and imports is difficult to assess at this stage. Clearly, the receipts on account of tourism would be less than anticipated. The inflow of NRI [Nonresident Indian] deposits has in any case been small this year. The inflow of external assistance is also subject to some uncertainties consequent upon constraints that affect the rate of utilisation. A step-up in commercial borrowings was, in any case, not envisaged. Finally, there is the uncertainty arising from leads and lags. Interest rates and exchange rate expectations do affect the timing of receipt of export proceeds and payment of import costs. According to the Survey, while these uncertainties justify a measure of caution in assessing prospects, the balance of payments in 1992-93 has performed more or less as expected.

Inflation

Inflation was by far the most pressing problem for the common man in 1991-92, especially as the rate of

inflation for food articles was much higher than for all commodities. The situation improved considerably in 1992-93 with a gradual decline in the annual rate of inflation in the course of the year. The annual rate of inflation as measured by the wholesale Price Index declined from 13.6 percent at the end of 1991-92 to 6.9 percent on the 30th January 1993. The decline in inflationary pressure was especially marked in primary articles including foodgrains. The annual rate of inflation in foodgrains was -3 percent on the 30th January 1993 compared with 24.3 percent at the same time in the previous year. The deceleration in inflation is a major achievement of economic management in the past year.

The rise in the quarterly rate of inflation was due to the increases in the administered prices of oil products and fertilizers in September. The rate of inflation net of the direct effect of the administered price rise continued to be around five percent. The impact of administered price changes on the level of inflation obviously forms part of overall inflationary pressure but it has to be recognised that the increase in the prices of oil products and fertilizers caused a once-for-all rise in the general level of prices. This rise would be reflected in the quarterly rate of inflation for three months, after which the quarterly rate will return to its underlying trend level. This underlying trend, according to the estimates, is around five percent.

According to the Survey, the moderation in inflationary pressure in 1992-93 has been partly due to the good performance of agriculture but is in large part also due to the successful reduction in the Central Government's fiscal deficit. The massive fiscal correction has been a major disinflationary influence in the period.

The Survey suggests that the strategy of reducing the budget deficit needs to be reinforced by techniques of evening out of spread of Government expenditure within the year. Similarly, evening out the inflow of revenue together with short-term money market operations will ensure that the budget deficit does not impart an excessive monetary stimulus at any time in the course of the year. Steps in this direction have been initiated in the current year. The Survey underlines the need for further progress in this direction and suggests that fiscal policy must continue to carry a large share of the burden of macro-economic management and inflation control.

Strategy for Economic Reforms

Although considerable fiscal correction has been achieved in the past two years with a reduction in the fiscal deficit from 8.4 to five percent, the process must continue. Inflationary pressure can be said to have been purged from the system only after inflation has been brought down to no more than five to six percent per year for two years. Besides, the current account deficit in the balance of payments is still too high and needs to be reduced from around 2.8 percent in 1992-93 to less than one percent of GDP by 1995-96. This reduction in current account deficit of a little less than two percent of

GDP over a three-year period will call for further reduction in the fiscal deficit and boost in exports. The reduction in the fiscal deficit is also necessary if we want to reduce the pressure of Government borrowing on the financial system without which interest rates cannot be reduced. Chronic reliance on compulsory borrowings is equally undesirable for the State Governments: their fiscal balance should be improved until they can obtain access to the capital market on their own financial strength. According to the Survey, the efforts of the Centre should be supplemented by the State Governments with measures to reduce their budget deficits, for which scope lies in the elimination of the large losses in electricity, water and transport.

Calling for improvement in the quality of taxation, the Survey suggests that the recommendations made by Chelliah Committee deserve full consideration keeping in mind the Government's already declared policy of moderating tax rates, widening the tax base and improving compliance. Once the tax rates are brought down, better compliance can be expected and demanded. Tax revenues would be more responsive to the growth of the economy, and the need for drastic year to year tax changes would disappear, thus making a stable tax structure feasible. This is the direction in which the Centre is moving. According to the Survey, the States would find similar advantage in moving to moderate and stable tax rates.

There may also be scope for a restructuring of the States tax base. The critical review of Central Government's tax base by the Chelliah Committee has led to considerable improvements and will lead to more. Expert scrutiny may lead to similar improvements in the States' fiscal effort. Equally important is reform of expenditure. Almost all of welfare expenditure is administered by the States. This is particularly true of health, education, population control and poverty alleviation, as well as of agricultural investment such as investment in irrigation and mechanisation. All these activities are capable of fairly straightforward measurement of performance and quality: a continuous monitoring of performance could lead to significant improvements in cost-effectiveness.

The role of monetary policy has too long been a passive one, confined to financing the fiscal deficit at administered interest rates in order to minimise the cost to the Government. This has in the past encouraged fiscal profligacy with growing fiscal deficits, and larger and larger components of monetisation which in turn has generated inflationary pressure and has distorted the financial system raising interest rates to the productive sector. The Survey calls for a decisive break from this pattern.

With the reduction in the fiscal deficit, the Government is working towards a situation where interest rate distortions are reduced and monetary policy can be actively used for short-term macro-economic management. The Government has progressed towards this aim in the past year with a number of initiatives. The statutory liquidity ratio (SLR) has been reduced, releasing resources to the

banks for deploying additional funds in the commercial sector. Government borrowing is also being shifted to market-related rates; the 364-day bills were introduced with market-related interest rates. Other interest rates on securities were raised to bring them closer to market rates. Reserve Bank of India [RBI] also conducted repurchase operations in securities for short-term liquidity management. The Economic Survey suggests that these initiatives at monetary management must continue over the coming years.

According to the Survey, "it is not enough, however, to change the rules of monetary management; what is required is a comprehensive reform of the banking system, the capital market and their regulation." The Narasimham Committee has made comprehensive proposals for reforms in this area. The irregularities and fraudulent manipulations in securities trading of certain banks and financial organisations, which surfaced in April 1992, have drawn attention to some systemic weaknesses in our banking system and capital markets which need urgent correction. Spelling out the main elements of the financial sector reform programme, the Survey comments that it is the intention of the Government to reduce the SLR to 25 percent over the next three years and to reduce the CRR [Cash Reserve Ratio] to below 10 percent over a four year period. It also calls for the development of a wider market for Government securities, further rationalisation of the structure of the lending rates by reducing from four at present to three and moving to just two rates in the longer run, with one general rate and one concessional rate to weaker sections of society. The Survey suggests reduction in the costs of banking, making banking system more efficient by encouraging competition amongst banks, improving the internal management systems and control structures for preventing irregularities. It is also necessary to improve the central banks' supervision.

Referring to the inadequacy of accounting norms, the Survey says it will be necessary for the Government to provide substantial support to the banks to help clean up the balance sheets. In order to minimise the burden on the budget it will be necessary to find ways of mobilising at least part of the additional capital from the capital market in the form of new equity. This may require legislative changes to permit minority non-Government holding in the public sector banks.

On the investor protection, the Survey comments that its relevance goes beyond public capital issues and trading in securities. It is equally important that the investors must receive prompt, efficient and fair service from companies. The services of company registries are still an untouched area. Some of the problems that arise here are the result of outdated law and practices. The volume of company securities has grown so much that the techniques of record and transfer developed over a century ago are no longer appropriate. Both the technology and the law need to be modernised in respect of corporate capital management, together with these will emerge new needs for regulation.

Reviewing the changes in the trade and exchange rate policy, the Survey comments that a great deal had been done in this area. It is the intention of the Government to move towards full convertibility on the current account, including unification of the exchange rate, over a period of two to three years. The pace of movement will have to be determined by expectations regarding inflation and the overall balance of payments position. The Chelliah Committee has made recommendations for a bold reduction in tariffs to be phased over the next four years. The survey says it will be necessary to implement these recommendations in an appropriate manner.

Turning to the industrial policy reforms, the Survey favours further progress in the delicensing of industries in the case of capital intensive infrastructure industries such as power, irrigation and telecommunications, the Survey emphasised the need to carry out improvements in pricing, regulation and finance.

Our labour legislation, the survey feels, was originally designed to provide workers with maximum security in terms of employment and wages but is now seen to present some problems. If an enterprise turns sick or closes down, it is difficult to secure to the workers rights which only healthy enterprises can afford to give.

Whatever security has been given has been limited to a small number of organised workers and has increasingly proved illusory with spreading sickness. In a competitive world, the fortunes of firms are inextricably linked with their performance and it is difficult to envisage a system which insulates workers from the misfortunes of the firms in which they work. The survey highlights the need to ensure that credible social safety nets are developed so that the costs of adjustment as we transit to a more competitive and hopefully more dynamic economy are not borne exclusively by workers. The National Renewal Fund (NRF), which became operational in 1992-93, is an important beginning in this direction. It provides a mechanism for compensating workers of public sector enterprises subjected to restructuring while also helping to restructure and modernise the enterprises. However, the Survey points out that other mechanisms also deserve serious consideration. Some consideration of unemployment insurance and income stabilisation arrangements may be necessary if workers' incomes are to be protected without reducing the flexibility of employment practices.

As regards the poverty alleviation and human resource development, the Survey feels that funds for programmes to serve these needs have been constrained in recent years because of severe pressure on budgetary resources. One consequence of restoration of fiscal balance would be that the Government would be able to devote larger resource to poverty alleviation programmes. It is the intention of the Government to begin this process of restoration straightaway. For making the poverty alleviation programmes more effective, the Survey suggests the tapping of the immense potential of Panchayati Raj institutions. It further comments that the poverty alleviation has to be an integral component of

human resource development. Apart from the fulfilment of basic needs, all citizens must have access to basic social services such as elementary education, primary health care, safe drinking water and sanitation at affordable costs. The State Governments have a special responsibility in the area of social services. According to the survey, universalisation of primary education has to be a major national objective in the 1990s. Adult female literacy is perhaps the single-most effective instrument for population control. As with education, the aim of health care system should be to enhance the capacity of people for a productive and happy life, the survey adds.

Calling for a substantial acceleration in the agricultural growth, the Survey suggests that the trend growth rate in Indian agriculture needs to be raised to around three percent from the present rate of 2.2 percent per annum. This acceleration in agriculture requires action on several fronts including raising the levels of investment, resolving problems of land tenure, increasing availability of credit, ensuring appropriate pricing policies and developing new technologies to increase productivity.

Under any conceivable development strategy, the demand for commercial energy is bound to go up. Since this happens to be a very capital intensive industry, the

challenge ahead is to create an environment in which requisite resources, internal and external, can be mobilised. Government has taken major decisions to open up the hydro carbon and power sectors to private enterprises so as to supplement the effort of public sector. However, the magnitude of response will depend crucially on the reform of pricing and distribution arrangements. This is an area where the dominant portion of public sector cannot be wished away. It is, therefore, essential that pricing reforms are undertaken so that public enterprises can mobilise adequate resources for their expansion. The Government's decision to reorganise Oil and Natural Gas Commission (ONGC) as a corporation is a helpful first step. However, the survey cautions that the problem of persistent under pricing of domestic crude will need to be faced.

The survey makes it clear that the private sector power generation companies will be attracted only if the State Electricity Boards (SEBs) are in a sound financial position to ensure prompt payment for electricity bought by them. Energy problems will also have to pay greater attention to environmental concerns. Energy conservation is essential to save on capital costs as well as to minimise the environmental hazards.

Key Indicators

| | 1991-92 (P) | 1992-93 (P) | 1991-92 (P) | 1992-93 (P) |
|---|----------------|-------------|-----------------------------------|-------------|
| | Absolute Value | | Percent Change Over Previous Year | |
| Gross National Product @ @ (Rs. thousand crore) At current prices | 535.1 @ | 610.0 * | 14.9 @ | 14.0 * |
| At 1980-81 prices | b209.3 @ | 218.2 \$ | 1.4 @ | 4.2 \$ |
| Gross Domestic Product (Rs. thousand crore) At current prices | 609.5 | 694.8 * | 14.8 | 14.0 * |
| At 1980-82 prices @ @ | 212.3 @ | 221.2 \$ | 1.2 \$ | 4.2 \$ |
| Agricultural Production (1) | 186.6 (P) | 195.9 * | -2.8 | 5.0 * |
| Foodgrain Production (million tonnes) | 167.1 | 176.7 * | -5.3 | 5.7 * |
| Industrial Production (2) | 212.4 | 208.3 (3) | -0.1 | 3.8 (3) |
| Electricity Generated (TWH) | 286.7 | 221.3 (8) | 8.4 | 4.6 (8) |
| Wholesale Price Index (4) | 217.8 | 231.0 (5) | 13.6 | 7.8 (5) |
| Consumer price index for industrial workers (6) | 229.0 | 244.0 (7) | 13.9 | 8.4 (7) |
| Money Supply (M3) (Rs. thousand crore) | 315.1 | 350.2 (8) | 18.5 | 11.2 (8) |
| Imports at current prices (Rs. crore) | 47,851 | 47,480 (8) | 10.8 | 38.7 (8) |
| (U.S. \$ million) | 19,411 | 16,630 (8) | 19.4 | 16.5 (8) |
| Exports at current prices (Rs. crore) | 44,042 | 37,329 (8) | 35.3 | 23.1 (8) |
| (U.S. \$ million) | 17,866 | 13,075 (8) | -1.5 | 3.4 (8) |
| Foreign Currency assets (Rs. crore) | 14,578 | 13,688 (9) | 232.2 | 40.29 |

| Key Indicators (Continued) | | | | |
|-----------------------------|----------------|-------------|-----------------------------------|-------------|
| | 1991-92 (P) | 1992-93 (P) | 1991-92 (P) | 1992-93 (P) |
| | Absolute Value | | Percent Change Over Previous Year | |
| (U.S. \$ million) | 5,631 | 5,237 (9) | 151.8 | 38.8 (9) |
| Exchange rate (Rs./U.S. \$) | 24.5 | 25.9 (10) | 26.7 | 6.8 (10) |
| + | | | | |
| Market rate (Rs./U.S. \$) # | — | 30.4 (10) | — | 20.3 (10) |

* Anticipated; (P) Provisional; @ @ At factor cost; \$ Advanced estimates; @ Quick estimates.

+ Per cent change indicates the rate of depreciation of the Rupee; # Indicative exchange rate as announced by FEDAI.

1. Index of agricultural production with base triennium ending 1969-70 = 100, 2. Index of industrial production 1980-81 = 100, 3. April-October 1992, 4. Index with 1981-82 = 100, 5. As in end December, 1992, 6. Index with 1982 = 100, 7. As in November 1992, 8. April-December, 1992, 9. As on January 31, 1993 for 1992-93 and at the end of March for previous years, 10. April-January, 1993.

| Indicators of Changes in the Output of Services | | | |
|---|----------------|-------|--|
| | April-December | | April-December Change Over Previous Period 1992 (per cent) |
| | 1991 | 1992 | |
| Railways' revenue earning traffic (mt) | 245.0 | 254.0 | 3.9 |
| Road transport diesel oil consumption (mt) | 10.6 * | 12.6* | 19.1 * |
| New telephone connections (thousand) | 278.0 | 378.0 | 36.3 |
| Cheques cashed (Rs. thousand crore) | 342.0 @ | 387.0 | 13.3 @ |
| Major ports: cargo handled (mt) | 122.0 | 114.0 | 6.7 |
| Air passengers (million) | 14.0 | 14.6 | 4.1 |
| Air Cargo (Thousand t) | 269.0 | 295.0 | 9.8 |

* April-September; @ April-June m Million t Tonnes

Economic Reform

93AS0643B Madras THE HINDU in English 24 Feb 93 p 8

[Text] New Delhi, Feb. 23. Had it not been for setbacks like the confidence crisis in banks owing to securities scam, the riots of December 1992/January 1993 which affected transport, industry and exports leading to reduction in Government revenue, economic recovery during 1992-93, both in terms of aggregate employment and output would have been much faster.

According to the Economic Survey for 1992-93 presented to Parliament today, despite the negative impact of securities trading and riots, the Government has decided to continue and consolidate the economic reform programme. The Gross Domestic Product (GDP) in the current fiscal 1992-93 is expected to post a four percent growth up from 1.2 percent in 1991-92. Industrial production may register a growth of between four and 4.5 percent and agricultural production even in the face of a modest growth in rabi crop, is expected to be five percent higher than in the previous year.

Many of the fiscal and monetary restraints which dampened industrial production in 1991-92 were removed or relaxed in the current fiscal year which arrested the downtrend in

industrial production. The industrial deregulation process and structural reforms initiated in 1991-92 were carried further in 1992-93 and the "direction for future policy action has been firmly established."

Extending reform: The survey said, "As experience is gained and the economy begins to respond to policy changes, the reform will be extended to other sectors. Consolidation of the reform by way of ensuring its implementation and removing anomalies will be focussed upon." It underlined the critical role of the State Governments in ensuring the progress of reform. However, the recent policy measures including substantial deregulation of the industrial sector and liberalisation of trade policies will take time to yield results.

Already there were signs of turnaround with industrial production showing a modest recovery in the first seven months, April-October 1992, at 3.8 percent over the same period of 1991. According to the survey, the recovery will be further strengthened during the remaining months of 1992-93 in view of an exceptionally good kharif harvest.

Experts to GCA: The increase in exports to the General Currency Area (GCA) and the resurgence of domestic

demand both for investment goods and consumer products may be expected to contribute to sustaining the rate of growth in industrial production in the second half of 1992-93.

The fiscal policy initiatives introduced since the presentation of the last survey have sought to improve the incentives for investment in the industrial sector and encourage a shift towards exports and away from domestic markets.

While admitting that a slowdown in industrial and manufacturing sector growth rates in July and August 1992 had generated apprehensions of the Indian industry being caught in recessionary conditions the survey said "these apprehensions have been somewhat allayed as a result of industrial growth registering a substantial increase in September 1992."

During the first six months of current fiscal year the index of industrial production for all manufacturing industries was 4.1 percent compared to a negative growth of 0.9 percent in the same period of 1991. Basic industries recorded a lower growth of 2.2 percent compared to 6.2 percent, but consumer durables rose by 2.4 percent against minus 10.6 percent, capital goods by 8.8 percent as against minus 16.9 percent, intermediate goods by 7.2 percent compared to minus 0.6 percent respectively.

Positive growth: The survey said a positive growth during the first half of 1992-93 was noteworthy because it signified that these industries "may have been able to withstand import competition and may now be internationally more competitive as a result of modernisation and upgradation of their capacities undertaken during the last two years."

The investment climate has shown a substantial improvement. After deregulation process was set in motion the number of industrial entrepreneurs' memorandum (IEM) filed increased substantially. During April-December 1992, 3,472 IEMs were filed as against 3,077 in the same period of 1991. Financial assistance sanctioned by all-India and State financial institutions during this period totalled Rs. 22,960 crores, 62.4 percent higher than the amount sanctioned during the same period of 1991-92. Disbursements at Rs. 14,688 crores were also higher by 45 percent.

Technology agreements: There has been a quantum jump in both foreign technology agreements and foreign collaborations involving equity. While it was too early to judge the actual inflow of investment on this count, early results were encouraging. The total volume of foreign investment approvals at Rs. 42.9 billions granted under automatic and non-automatic route during August 1991 to December 1992 was more than three times the Rs. 12.7 billions of foreign investment approved in the last decade.

The survey said, "There was no doubt there has been considerable increase in interest on the part of foreign investors including in some of the important priority areas such as power and petroleum refining." On the whole, the setback in the growth of industrial production

during 1991-92 notwithstanding, the emerging uptrend in overall investment, both domestic and foreign in the industrial sector, signified the positive impact of ongoing liberalisation measures adopted by the Government.

Revival of imports: On foreign trade, the survey said 1992-93 saw a revival of imports to more normal levels. The total value of imports in U.S. dollars during April-December 1992 increased by 16.5 percent over the level in the corresponding period of 1991. Though it appeared large compared to last year, the level of imports in 1992-93 as a whole is expected to be around \$25 billions, lower than the level in 1990-91. Exports in 1992-93 while better than in 1991-92 were still depressed owing to a more than 60 percent decline in exports to Russia and other States of the former U.S.S.R. The December/January riots also had a depressing impact on exports. Overall, in 1992-93, exports may not exceed 19 billion dollars.

Inclusive of an estimated trade deficit of \$6 billions, the current account deficit in 1992-93 is expected to be \$7 billions. This deficit is being financed through a combination of traditional financing and exceptional financing. Of the total import share of bulk imports comprising food products, POL raw materials and intermediaries during April-September 1992 rose to 48.5 percent compared to 45.1 percent in the same period of 1991.

Foreign Debt

93AS0643C Madras *THE HINDU* in English 24 Feb 93 p 8

[Text] New Delhi, Feb. 23. India's external debt has reached a colossal figure of Rs. 2,03,000 crores (\$71.11 billions) at the end of September 1992, as per the revised format for presentation of external debt figures contained in the Economic Survey for 1992-93. At the end of March 1992, the total debt stood at Rs 1,99,000 crores (\$67.58 billions) at which level it worked out to 27.3 percent of the gross domestic product (GDP).

However, in view of the large share of concessional element in the debt, the debt servicing has risen slowly from about \$5.65 billions in 1988-89 to \$6.44 billions in 1991-92. The repayment share in total current receipts (excluding net official transfer receipts) declined from 26.5 percent in 1988-89 to 24.6 percent in 1991-92.

The Survey also adds that though India is one of the largest debtors among the developing countries, in terms of debt service payments it does not rank so high and the World Bank ranks it among the moderately indebted low-income countries.

The new format also gives out clearly the defence debt of India for the first time. As per the details, the country owes \$2.18 billions to the countries with which trade is conducted in convertible foreign currency for defence purchases. It also turns out that the major portion of India's debt to the former Soviet Union was for military supplies from that country since a debt of Roubles 8,899 billion was incurred for defence purchases out of the

total outstanding debt of the Roubles 9.871 billions India owed to the former Soviet Union as on March 31, 1992.

Giving details about the new format, the Survey says that because of the differences in debt statistics of the Government, the Reserve Bank and international agencies, the Ministry of Finance and the RBI set up a task force and a policy group on external debt statistics which submitted its report recently. The report made recommendations on the standardisation of collection and compilation of external debt statistics and their monitoring by the Debt Unit for the External Sector.

The major recommendations have been accepted by the Government and are being implemented. These include an extension of coverage and reclassification of external debt data for transparency and in conformity with internationally accepted definitions, regular reports on the external debt position, a review of existing policies regarding confidentiality of defence debt and the setting up of a debt unit for the external sector as an apex body to integrate debt data and a management information system to aid decision making.

Concerns Over Acceptance of Dunkel Draft Told

Effect on Patents Act

93AS0664A Calcutta *THE STATESMAN in English*
15 Feb 93 p 7

[Text] New Delhi, Feb. 14.—The Indian Patents Act would require a complete revision but stock-holding operations and the public distribution system would not be affected by India's acceptance of the Dunkel draft on world trade, reports PTI.

A document which will serve as a background paper for a discussion between the Commerce Minister, Mr. Pranab Mukherjee, and different political parties beginning tomorrow, says, "There is no doubt that the Dunkel text will necessitate a complete revision of the Indian Patents Act, 1970".

On the main concerns' relating to the text on trade-related Intellectual Property Rights and its implication on drug prices, the note said it was true that the prices of medicines on patents would be high in comparison to non-patented medicines.

But it was difficult to estimate the magnitude of the price rise on account of the patent system, as the prices of medicines, whether patented or non-patented, depended on a variety of factors.

The note said in respect of patented medicines, factors included availability of substitutes at cheaper prices, level of technology involved in the manufacture of the patented drug and the nature of disease for which it provided the remedy.

It was also to be borne in mind that the effect of patenting on the overall level of prices of medicines would depend on the proportion of patented and non-patented medicines in the Indian market.

At present, this proportion is estimated to be around 10 percent, taking the market as a whole, the Ministry said. According to it, negotiations were in progress on the issue of the local working of the patent.

India's effort is to see that when it was feasible to work a patent commercially here and it was not so worked to ensure that the opportunity for compulsory licensing was available.

The note said while it was difficult to fix a term of patent on the basis of rational criteria, the period of 20 years suggested in the draft had to be viewed against the background that there was international consensus on this period and that, in the case of drugs, it took about eight to 10 years to get marketing approval after grant of patent.

The paper said the Dunkel text did not permit automatic licence of rights as provided in the patents law but such a system was not acceptable to most countries participating in the Uruguay Round of negotiations.

Referring to the provision relating to "reversal of burden of proof", in the draft, the Ministry said this had international consensus.

As regards plant variety protection, the Dunkel draft has put forth three options—patenting, the provision of an effective protection and a combination of the two.

Commerce Ministry sources say that it was for India to determine the elements of the "sui generis" protection. In the system that was evolved, India was free to provide exemption for farmers and researchers and, thereby, safeguard their interests.

Referring to the Dunkel draft on agriculture, the Ministry said the obligation envisaged in the proposals did not encompass subsidies to consumers.

It was of the view that if certain conditions were laid down in the text in respect of holding of buffer stocks and domestic food aid, it was only to ensure that individual countries do not give additional subsidies to producers in the garb of subsidies to consumers.

"During the negotiations in December 1992, the major participants confirmed that the stock-holding operations through the Food Corporation of India or our public distribution system would not be affected in any way if the Dunkel draft were to be accepted", the paper said.

The Ministry note said for countries like India, which have quantitative restrictions for balance of payment reasons, there was no requirement of converting the restrictions into tariffs or to give minimum access commitments.

This understanding, it said, had been confirmed by the major participants. What was envisaged for these countries was that they would indicate the ceiling bindings on agricultural products which would apply when BP problem no longer existed.

India has offered to bind its tariff on primary agricultural products at 100 percent, on processed products at

150 percent and on edible oils at 300 percent. These rates are subject to acceptance by other participating countries during negotiations.

The Dunkel proposals envisage that as a first step for reduction of domestic subsidy, calculations have to be made by each Government of the aggregate measure of support.

The AMS is to be calculated separately for subsidies which were product-specific and subsidies which were non-product specific.

For developing countries, a limit of ten percent has been stipulated separately for product-specific and non-product specific AMS [expansion not given], below which there was no obligation to make any reduction.

Calculations made by the Commerce Ministry show that the non-product specific AMS works out to about five percent even if exemptions are not taken into account.

Molecular Scientist's Concern

93AS0664B Madras *THE HINDU* in English 9 Feb 93
p 17

[Article by O.S. Reddi, Director, Centre for Molecular Immunology, Hyderabad: "Dunkel Draft or Intellectual Plunder?"]

[Text] Trade related intellectual property rights (TRIPs) as proposed in Dunkel Draft has generated enormous controversy by virtue of its being used as a surreptitious instrument to exploit the already impoverished third world economies. The most controversial aspects like patenting new life forms, plant material and the declaration of the world's genetic resources as the heritage of mankind transcending the national sovereignty are the concealed traps for developing nations.

Patenting plant varieties as stipulated in article 14(1) of the latest 1992 treaty deprives inherent rights of farmers to use part of their harvest as seed material for the next crop. The patent legislation makes it illegal to use any of the seeds harvested from a plant containing the patented material. This opens the fundamental aspect of rights of ownership of the seeds. We are aware that the present food or cash crops were produced from the most primitive varieties of plants from their available forest biodiversity, by systematic breeding and methodical selection over hundreds of years for desirable characteristics of economic importance. Thus whether it is paddy of India or wheat of Mexico or bean of Bolivia all have been a result of sustained conscious genetic selection over generations. To wipe out their inalienable right to use the seed from their harvest for the next crop because it is patented by a multinational company is to pillage and plunder them under the garb of GATT and global agreements. It is something like "robbing Paul to pay Peter."

This is a great set-back to India, since India is one of the few countries that has enormous biodiversity. Genetic resources are our greatest wealth. With our scientific manpower and facilities we should be able to utilise these resources properly for the enrichment of the country. Patenting new life

forms, or drugs is another aspect for a thorough discussion. Whether it is a drug, vaccine, biomolecular, under GATT stipulation both the product and the process are both patented leading to the deprivation of our rights. Let me elaborate this with an example.

Insulin is a hormone produced by the pancreatic gland in our body. This biomolecule controls the utilisation of sugar (glucose) in blood. In the absence of insulin production by the pancreatic gland, a condition called sugar diabetics (Diabetes mellitus) results. Hence we have to use insulin either as a tablet or injection mainly as a therapeutic measure which is called substitution therapy. At present insulin is produced from pigs and is imported. With the advent of genetic engineering technology, a new vista to produce pure human insulin in large quantities has been made possible. That is we can engineer human insulin gene into bacteria or yeast and allow it to produce insulin. We have only two companies in the world today that have patented and marketing insulin, namely Eli Lilly in the United States, and NOVA in Denmark. U.S.S.R. did develop the technology but it failed in Russia. Even Cuba has this technology. If Dunkel Draft is approved we cannot make and market human insulin because the product and process are both patented. We can change the process by using a different vector (carrier) system to introduce the human insulin gene into bacteria or yeast. But so long as the product is human insulin, one cannot produce or market under the patent rights.

Thus the Third world is deprived of its scientific rights which has a tremendous effect on their economy even if they have capability. It is a global thuggery in the form of GATT. Further GATT's declaration of the ownership of world's genetic resources as the property of mankind is atrocious. After centuries of exploitation and decimation the already impoverished third world is being deprived now of their forest. The old imperial gun-boat-diplomacy is replaced by subtle intellectual plunder to control the economy and take away the national sovereignty over resources under the garb of global economy and enrichment of heritage of mankind. This is to say the least something like "What is mine is mine and what is yours is also mine."

It is unfortunate that India is facing enormous mental trauma and fractured psyche with December 6 event. Thus TRIPs has been overshadowed with a non-productive problem for which the entire attention of the Government is diverted and Dunkel Draft was not even discussed in Parliament.

If the Government performance in the past is any indication by virtue of its past track record as seen in their monumental failure in Ayodhya with its political sterility coupled to intellectual inertia and indecision, India will be written off in the next century by its unequivocal submission, subordination and acceptance of Dunkel Draft culminating in economic subjugation. Public opinion has to be innervated and our national press has to play a pivotal and vital role exposing the subversion from the North. It is for the public and Government to have a thorough reappraisal before the

Government succumbs to the silent pressure from GATT and make India an economic slave for ever.

Assam Grants Bodos Autonomous Status

93AS0663A Calcutta *THE SUNDAY STATESMAN*
in English 21 Feb 93 p 1

[Article by Rabijit Choudhury: "ABSU & Assam Government Sign Pact on Bodoland"]

[Text] Guwahati, Feb. 20.—In a major breakthrough towards meeting the eight-year-old demands of the Bodos, a memorandum providing autonomous status for the contiguous Bodo-inhabited areas on the north bank of the Brahmaputra, was signed today.

Mr. S.K. Bwismutiary, president of the All-Bodo Students' Union [ABSU], and Mr. K.S. Rao, acting Chief Secretary, Government of Assam, signed the memorandum. Mr. Rajesh Pilot, Union Minister of State for Internal Security, and the Assam Chief Minister, Mr. Hiteswar Saikia, signed as witnesses.

The ABSU, which in 1986 had taken over the movement for Union Territory status for Udayachal, initiated by the Plains Tribal Council of Assam in the mid-seventies, and later demanded statehood at its Bansbari conference in 1989, has now agreed to stay within Assam. But Mr. Bwismutiary described the agreement as experimental and said its success would depend on the people and Government of Assam. For its part, ABSU would endeavour to make the new arrangement of co-existence a fruitful one.

The memorandum of settlement provides for the creation of a "Bodoland Autonomous Council" within the geographical confines of Assam to ensure fulfilment of the social, political and cultural aspirations of the people in that area. A 40-member council, to which 35 would be elected through a vote and five would be nominated by the Governor from the unrepresented communities, will act as an Assembly for the autonomous territory. The executive body will be responsible for administration. Elections to the council will be held every five years.

The ABSU has snatched a major concession by incorporating a clause in the agreement that allows it to step into power without having to get or seek a mandate from the people inhabiting the territory under Bodoland. The accord has provided for constituting an interim Bodoland Executive Council from among the leaders of the movement, under whose signatures the agreement was signed, within a mutually agreed date. This clause has added significance in that it has excluded the Bodo People's Action Committee, ABSU's associate in the Bodoland movement, from signing the memorandum of settlement.

The Bodoland autonomous areas have been broadly defined as the contiguous geographical area from the Santkosh river on the Bhutan border to the Panchnal river near Majbat in Darrang. Generally accepting the principal of incorporating the tribal majority villages, it has been agreed to maintain contiguity by taking in even the non-tribal villages falling

between the Bodoland areas. Mr. T.L. Barua, Home Secretary, estimated it would include about 2,000 villages, including 25 tea gardens.

The Assam Government earlier projected the Bodoland area to over 1,035 villages and insisted that no tea garden should be handed over unless agreed to by those manning it.

Subrata Nagchoudhury adds: In an interview on Thursday, Mr. Saikia had indicated that a Bodoland settlement was in sight but refused to disclose when this would come about. It could, however, be gathered that hectic behind-the-scene talks were on between the Bodo agitationists and Mr. Saikia's agents.

The Bodoland settlement, coming on the heels of the elections in two north-east States where Congress(I) Ministries are to be installed, will strengthen the Assam Chief Minister's hands. He is believed to have played a significant role in the elections in Meghalaya and Nagaland.

The settlement would also dampen the spirits of the anti-talk ULFA [United liberation Front of Assam] leaders who are yet to come to terms with the Saikia Government.

Paper Reports Contents of 1993-94 Railway Budget

93AS0641A Madras *THE HINDU* in English 25 Feb 93
p 1

[Quotation marks as published]

[Text] New Delhi, Feb. 24. The Railway Budget for 1993-94 presented to Parliament today spares none with all its proposals for a stiff hike in fare, freight and parcel charges to mop up additional revenues to the tune of Rs [Rupees] 1,848 crores in a full year.

In 1992-93, the Minister had raised charges of rail services to net an additional Rs. 1,366 crores which itself was a record.

The budget presented by the Railway Minister, Mr. C.K. Jaffer Sharief, offers nine new trains while seeking a hike of 10 to 12 percent in freight charges, an across-the-board hike of 10 percent in passenger fares, an increase of 18 to 25 percent in monthly season tickets for suburban trains and a hike of three to ten percent in parcel and luggage rates. The cost of platform ticket will go up from Rs. 1.50 to Rs. 2.

While the tickets for 1 to 5 km for monthly season ticket holders in suburban trains has been increased by Rs. 5, the rate of increase is progressively higher for longer distances with a Rs. 40 hike in season tickets for distances above 141 km.

First class season tickets will continue to be charged at four times the second class season ticket fares. The rate of quarterly season tickets will continue to remain at two-and-a-half times that of monthly season tickets.

According to Mr. A.N. Shukla, Chairman, Railway Board, of the estimated amount of Rs. 1,848 crores to be mopped up by way of the increase in fare and freight, Rs.

431 crores is to come from passenger earnings and the rest Rs. 1,417 crores, from freight earnings.

Reservation fee

While there will be no increase in fares for second class ordinary up to a distance of 100 km, two slabs within this distance—1 to 10 km and 11 to 15 km—will be rounded off from Rs. 1.50 to Rs. 2 and Rs. 3.50 to Rs. 4 respectively.

In addition to these, reservation fee in stations offering computerised reservation facilities, the supplementary charge for superfast trains and the minimum charge for different classes have been hiked. Parcel and luggage rates too have been increased by between 2.5 percent and 10 percent.

The revised reservation fees are Rs. 25 for AC First Class, Rs. 15 for AC Sleeper, First and AC Chair Car classes and Rs. 10 for Second Class Sleeper and Rs. 5 for Second Class seat. The supplementary charge for superfast trains have also been raised.

The 10 percent hike in freight charges will be across the board on all commodities, including the essential commodities which were earlier exempted from hike in freight rates. The 12 commodities—salt for human consumption, kerosene, livestock, oilseeds, LPG [Liquified Petroleum Gas], edible oils, fodder, gur, shakkar and jaggery, fruits and vegetables, tea, organic and chemical manures—will continue to get preferential treatment from the Railways.

The Railway Minister has proposed to withdraw earlier concessions granted to four commodities—pulses, diesel, sugar and oil cake—from freight hikes. The surcharge leviable for 'freight to pay' consignments in respect of coal is proposed to be revised from existing 5 percent to 10 percent.

New class of travel

Another highlight in the budget proposal is the introduction of a new class of travel designated as 'sleeper class.' The fare in this Class will be 25 percent higher than that of Ordinary mail/express Second Class but no separate sleeper surcharge to be charged in this class. The minimum chargeable distance for this class will be kept at 200 km.

The budget proposes the creation of a Capital Fund for the Railways, which could be utilised for the requirements of capital investment for track renewals, construction of new lines and other such development expenditure. This has been done keeping in view the progressively declining share of plan and budgetary allocation for the Railways. The budgetary support provided by the General Revenues to the Indian Railways, which stood at 75 percent during the Fifth Plan period, declined to 42 percent in the Seventh Plan, and it stands at 14.7 percent in 1993-94.

The proposal to constitute this Fund, according to the budget proposals, has been made keeping in view the bitter experience with the market borrowing exercise of

the Indian Railway Finance Corporation (IRFC). Adverse stock market conditions and the lesser rate of interest offered by the IRFC bonds (10.5 percent bonds) resulted in nil response to the bonds floated last year.

According to officials, the initial corpus for the proposed Fund will be the Rs. 2195 crores expected to be the net excess in the proposed budget. What came to be called as profits of surplus in the Railway budgets in recent years will now be put into the proposed Capital Fund, to be used for development investments for the Railways.

Insurance scheme

In terms of passenger amenities, the Railway Minister announced an insurance scheme that will cover all rail users against injuries and accidents that do not come under the purview of the Existing Accidents Compensation Act. The proposed scheme, which will be announced during the next year will provide insurance cover to injuries and loss of life due to terrorist attacks and mob violence while travelling. The additional amenity, according to the Railway Board Chairman will cost nothing extra for the passenger.

On the performance of the Railways in 1992-93, the Minister said the organisation could not achieve the target of 354 million tonne freight traffic due to the Ayodhya-related disturbances and the same has been revised to 350 million tonnes. For 1993-94, the Railways propose to achieve a target of 370 million tonnes.

In terms of passenger traffic, the Railway Minister pointed to a substantial reduction in earnings, again due to the Ayodhya incident and the law and order situation that prevailed in the country thereafter. However, for the coming year, the Railways have projected a growth of 6 percent in passenger traffic. The budget proposals provide for completion of another 269-km rail length before March 1994.

Fixing the plan size at Rs. 6,500 crores, of which 70 percent is to be generated internally, the Railway budget has identified rehabilitation of assets, acquisition of rolling stock, gauge conversion and electrification as thrust areas in the coming year.

It is proposed to convert 1600-km metre gauge track into broad gauge in the coming year as against 1350 km completed in the current year. Similarly, 250 km is to be taken up for doubling in 1993-94 as against 200 km in the current year. Electrification work in the full year, according to the budget proposals, will be to the tune of 500 route km.

No 'green-flag' for privatisation

New Delhi, Feb. 24. Having created the ground well in advance through public statements about a possible fare and freight hike, the Railway Minister, Mr. C.K. Jaffer Sharief, has got away with light criticism for his proposed 10 percent increase on the average in passenger fares and freight rates. However, it is for his lack of initiative in utilising the widespread economic changes being introduced, to improve the productivity and profitability of the Railways, that he is faulted.

With increased emphasis on privatisation and withdrawal of the Government from unproductive and unremunerative sectors, it was expected that the Railway Minister would carry forward his last year's decision to privatise the catering services on the Railways and extend it to other sectors including freight handling or even ticketing and reservations.

Instead, Mr. Sharief has reversed even the decision to privatise the catering services which he says has been done "in the light of the feelings expressed by members of Parliament."

Experts have also pointed out that the Railways are practically sitting on a gold mine in terms of the surplus land under their control and which could be profitably leased out. The money thus raised could have been utilised to rehabilitate existing rolling stock as well as to modernise the functioning of the network, thus increasing productivity and generating revenue.

This the Railway Minister has failed to do and has only mentioned in passing that sub-groups of the Consultative Committee of Parliament attached to his Ministry are yet to submit their reports. These are expected by March-end and one of the sub-groups is considering the possibility of exploiting the railway land commercially.

'No-profit-no-loss budget': Had Mr. Sharief taken recourse to some of these measures, he could have spared the economy the additional inflationary potential which would be unleashed through the freight increases. Out of the Rs [Rupees] 1,848 crores that he proposes to raise additionally in the next financial year, the freight increase alone is expected to net in an additional Rs. 1,017 crores. That this will have a cascading effect on prices is but obvious.

Besides, the Budget of Mr. Sharief does not provide for any surplus for the organisation. While the Railway Board chairman, Mr. A.N. Shukla, described today's presentation as a "no-profit-no-loss budget," in reality, the railways would not be left with any cushion in case their revenue estimates go awry during the financial year. Last year, for instance, the Railways had projected a surplus of Rs 563 crores and actually ended up with excess funds to the tune of Rs. 756 crores. While a part of this was utilised to meet the increased cost of operations, the Railways could keep aside Rs. 347 crores for the coming financial year. Since the Railways require Rs. 2,195 crores for works and development fund, the balance Rs. 1,848 crores is to be raised through fares and freight hikes.

As for the general comments on the Railway Budget, the FICCI [Federation of Indian Chamber of Commerce and Industry] president, Mr. K.R. Podar, has complimented the Minister for his presentation while his counterpart, Mr. Dhuldhoya of Assocham has termed the increases as 'inflationary'. The Federation of Indian Export Organisations (FIEO) has called it "an indifferent budget."

Draft National Technology Policy Ready

93AS0647A Bombay *THE TIMES OF INDIA*
in English 22 Feb 93 p 13

[Text] New Delhi, February 21—The government has formulated a revised draft national technology policy, which aims at greater industrial investment in research and development (R&D) and decentralisation of science and technology (S&T) systems, to respond to the needs of a market economy.

The draft policy emphasises the development of critical technologies which are of national importance within the country, even if they are available abroad. The other thrust are as will be technologies aimed at developing new products, new services and those for technological refinements over currently available ones.

This implies that the four-decade-old emphasis on indigenous development of imported technologies will end. There will be no barriers against import of proven technologies. "There is no need to waste time in reinventing the wheel," according to the minister of state for science and technology, Mr. P.R. Kumaramangalam.

The policy statement, released by Mr. Kumaramangalam, is an updated version of a similar document prepared in 1983. The country's first S&T plan was drafted by the national commission on science and technology, chaired by Mr. C. Subramaniam.

However, the nation's commitment to the use of S&T as key instruments for development was articulated in the scientific policy resolution of 1958.

The 1993 technology policy will be placed before the S&T committee of Parliament for discussion. The policy draft has already been sent to all MPs [members of Parliament] and will be circulated widely among scientists, technologists, academics, research institutions and industry, Mr. Kumaramangalam said.

After incorporating all the suggestions elicited through nationwide debates, the policy would be adopted as a national guideline for technology matters for the coming decades. "We expect the process to be completed in two months," the minister said.

The 1993 policy aims at persuading the industrial sector to contribute up to three percent of its annual turnover—amounting to about Rs 3,000 crores—exclusively for developing technologies. The annual turnover of industry, excluding small-scale one, which will be exempted from this cess, is estimated to be around Rs 100,000 crores.

Another important aspect of the present technology policy is to achieve more than a doubling of the national R&D expenditure as a percentage of the gross national product (GNP), mainly through enhanced contribution from the industry by the year 2000.

The policy seeks to set a target of national R&D expenditure to be at least two percent of the GNP, from the present figure of 0.89 percent.

The national R&D expenditure had remained below one percent of the GNP since independence, in 1947. The highest percentage was 0.98, achieved in 1987-88. It was 0.17 percent in 1958-59, 0.29 in 1965-66, 0.35 in 1970-71, 0.50 in 1975-76, 0.62 in 1980-81, 0.89 in 1985-86, 0.96 in 1988-89, and 0.89 in 1990-91.

Now 76.8 percent of the national R&D expenditure—approximately Rs 3,700 crores—is contributed by the government and the remaining 23.2 percent—Rs 900 crores—by the industry (10.6 by the public sector and 12.6 by the private sector).

The 1983 technology policy too suggested such a cess from the industry, but it could not be implemented due to strong opposition from the industry. Mr. Kumaramangalam admitted it would be very difficult to push through this plan during the current recession.

Industry, however, should consider the fact that technological obsolescence plays a major role in reducing market share and thereby profits, he said.

The policy states that improvement of the quality of management of R&D institutions would receive attention. Pursuit of R&D as a career prospect would be encouraged through concrete measures to attract talented Indians from within India and abroad.

The aim is to double the number of personnel involved in R&D by the year 2000, from the present 3.01 lakh people.

While the 1983 policy attempted to address specific areas such as employment, energy, agriculture, and dry-land agriculture, the present statement only aims to spell out a framework to approach areas of emphasis.

This is in keeping with the idea of decentralisation, and the role of industries and to create abilities to respond to users and markets.

Interview With World Bank Managing Director

93AS0644A Madras *THE HINDU* in English 23 Feb 93
p 8

[Quotation marks, italicized, boldface words as published]

[Text] *Mr. Ernest Stern, Managing Director of the World Bank, during his visit to Madras last week, was interviewed for The Hindu by Mr. S. Guhan, former Finance Secretary, Tamil Nadu. Mr. Stern covered several topics relating to India-World Bank relations, particularly in the present phase of structural adjustment. Excerpts from the interview:*

S. Guhan: Ernie, it is good to have you in Madras and to be able to do an interview with you. I hope you will be as outspoken as you are in private conversation. Let me start with a broad question. You have been associated with economic assistance to India from about the mid-1960s. What do you see as the big changes in all these years in India's economy and in its economic policies?

Ernest Stern: In fact, as I travel through the country I try to look back 25 years. I would say the changes are striking, I am particularly struck by the change in attitudes relating to the

roles of the Government and the private sector; the recognition that India has to support the kind of reform programme the Government has started if it is to fulfil its potential and be competitive in a new world economic environment; the openness to a greater role for markets, acknowledging that the Government cannot do everything and that the private sector is not evil, not antithetical to development or to the eradication of poverty. I think these are important changes.

In Delhi and in the two States that I visited, Karnataka and Tamil Nadu, I have been impressed with the quality of the officials. The young people seem very optimistic about what can be accomplished and very much in favour of change. I think that is very encouraging.

On the physical side, I must say, the changes are tremendous. Here in Tamil Nadu, I visited a health centre in Madras City. The drop in child mortality, the drop in child malnutrition, the fact that 99 percent of children in urban areas are born in some kind of institutional setting, the inoculation of children, all this is impressive. The coverage of education has expanded steadily. There is more to be done but still there has been a big difference. The children as I travelled round present a very different picture. Everywhere, in small towns, in villages, they are better fed, better dressed. The growth of agricultural productivity has continued although the emphasis is on irrigated agriculture. In general, agriculture has made a lot of progress.

In industry, the private sector today is a very dynamic force and you cannot talk to anybody who does not automatically talk about the exports of his company. It is an India which is in a mood of a great revival, looking at what the future can hold, what needs to be done, and a willingness to tackle issues.

Fine, but India still needs a lot of external support. India's share in IDA, the Bank's soft loan window, has sharply declined in the 1980s. Concurrently you have been able to lend more from the IBRD [International Bank for Reconstruction and Development]. But then, compared to IDA credits, bank loans are on much harder terms. One assumes that this will not be indefinitely possible. Given India's high debt service ratio and the importance in this context of concessional aid, what are the prospects for improving India's share in IDA in the 1990s?

I am aware that India does have a high and growing debt service ratio. This is a matter for concern. We know from the experience, with the debt problem throughout the world in the 1980s the crisis that the debt burden can generate.

India has indeed to be careful in the matter of external borrowings. What this means is that domestic resource mobilisation is increasingly important: that is, domestic savings, better tax administration, savings in the public sector. The Bank, as you say, has shifted a lot of its

lending from IDA to IBRD lending on harder terms. India's share in IDA used to be 40 percent when we were working together and has gone down to 15 percent in the mid-1980s. I wish I could tell you that India's share can be improved but I cannot. The recent negotiations for IDA replenishment have been difficult, extremely so. Many of the industrialised countries face major budget problems. You heard Mr. Clinton in the United States, and it is the same thing in Canada, Italy and so on. Everywhere, aid remains a low priority expenditure.

So we were, I think, very lucky in being able to get a replenishment of IDA which is constant in real terms. However, the demands are growing. We have new member countries; some Central Asian Republics of the former Soviet Union; some countries in Africa, which used to be Bank borrowers or blend countries or IDA-only borrowers; and other countries which have recently joined—like Albania, Mongolia—as the Bank has become a truly global institution. The number of countries in IDA has grown in all these ways. So I don't myself think India's share will rise in IDA-10 which will start later this year. I should say that for some of the large IDA borrowers like India, their share is likely to decline. There is also a great deal of emphasis in IDA allocations to make sure that creditworthy countries make use of market borrowings to the maximum extent feasible.

Let me turn to another topic of special interest to us. Since the McNamara period, the Bank has been giving considerable emphasis to lending for poverty eradication. Now that much more of Bank lending is going for structural adjustment, is there likely to be less emphasis on poverty-oriented lending? How do you see this?

I think there is some misunderstanding of how much the Bank actually lends for structural adjustment. At the peak only about 25 percent of our lending—of the Bank and IDA—went for structural adjustment. We have passed that peak. In the main adjustment countries of Latin America, we have stopped adjustment lending or will stop it next year. Even in Africa, which received a lot of adjustment lending, we are shifting to non-adjustment lending.

In my view and the view of the Bank, the adjustments these countries are undertaking have, in fact, laid the foundation for dealing with poverty more effectively. As you know, in many countries in the world, the agriculture sector has been depressed by tax policies, by control over prices, by lack of infrastructure services which tend to be concentrated in urban areas and so forth. The adjustments that have taken place have everywhere benefited the agriculture sector which includes a very high proportion of the poor. In addition, the Bank has over the years continued its poverty emphasis. It has spent a great deal of money on the social sectors, particularly education and health. As you know from your own experience, the Bank's first nutrition project was in Tamil Nadu and it has been very successful. Tamil Nadu also had one of our first urban sites and services projects to provide housing and reasonable environmental standards for the urban poor. Today, for

instance, something like 20 percent of the lending of the Bank and IDA is in the social sector.

The concern is that adjustment policies may turn out to be specially painful for the poor. How would you respond to this?

It is true that as you go through the adjustment process, the poor can be adversely affected. Sometimes adjustment can create increased unemployment, sometimes prices can rise faster than incomes. But the Bank includes two or three important elements in its adjustment operations. One, in discussing adjustment programmes with Governments, we place a great deal of emphasis on maintaining their expenditures in the social services sectors. We recognise that often adjustment, or stabilisation programmes with the IMF [International Monetary Fund], require cuts in the budget. But we do not believe that these have to be in the social sectors; there are usually many other items in the budget which can be cut.

Second, we try to provide special additional financing to strengthen social sector outlays. Sometimes we have provided safety nets for people who may become unemployed. It is our experience in many countries that adjustment programmes lead to increased employment opportunities in a fairly short while. For instance, in Mexico and Chile studies show that although many workers were laid off as restructuring in enterprises took place, total employment within a year had risen, not declined. Of course in India you have a large body of unemployed and the problem may not get solved quickly.

As far as India is concerned, what are the major economic reforms that the Bank expects to see as part of structural adjustment? What are the key areas?

Well, it is not that the Bank expects to see anything different from what the Indian Government and the Indian economic community expect to see. I think the government is off to a good start. The first year has mostly focussed on fiscal stabilisation and foreign trade reform, some delicensing of investment and some decontrol of prices. I think more needs to be done in these areas. Beyond that, of course, lie a whole series of other changes, other issues to be tackled. The financial sector in India is not efficient and needs to become efficient if it is to underpin a growing economy, industrial and agricultural, domestic and exports. The public sector obviously needs also to become more efficient. Loss-making public sector enterprises, losses in State electricity boards and in manufacturing enterprises, all this is not something that India can afford. These I know are difficult, complicated issues. But as we know, if we have enterprises that lose money, it means that the citizens of India are poorer and it is a very inefficient way of increasing employment opportunities. India still has tremendous scope for reducing subsidies and for improving its anti-poverty programmes. India has been one of the earliest advocates of poverty alleviation and a leading developing country in this matter.

Yes, I think we thought of direct anti-poverty programmes earlier than the Bank did.

I agree. For a long time, poverty eradication has been the focus of Indian planning. But as we know today, the tools have not been very efficient. Many subsidies are not aimed at the poor and have become very generalised. And here in Tamil Nadu you have the example of electric power for agriculture being totally free. As for the food distribution system, everybody in India has access to the public distribution system. So you cannot argue that it is only for the poor. With better targeting, for the same amount of money you can have many more sharply focussed programmes to really help the vulnerable sections and still have resources left to invest in more productive enterprises, in infrastructure which is essential for the economy to grow rapidly: power, highways, railways, telecommunications.

One more priority is basic education. India has good secondary education and university level systems. But it has neglected primary education.

In the past, there has been the belief that you could focus on secondary and higher education and have enough educated people to run the economy. The world has learnt that whether it is reduction of population growth or improvement in agricultural productivity or whatever, all these depend on having a labour force which is literate, which has at least sound basic education. Education, I think is very much part and parcel of economic reform.

What I am talking about and what reform programmes in India envisage is something that cannot be done in 1993 or 1994. We are talking about change that will take a decade and which will involve political difficulties. It is up to the Indian Government and the people to judge how fast they can proceed in these areas. But I have no doubt that these are the directions in which India has to move.

Doesn't all this also imply that State Governments have to be vitally involved in the reforms?

I entirely agree. People have a tendency to think about what Delhi will do, what the Finance Minister is going to say in the budget, and what the Centre's responsibilities are. In fact, a large part of the kind of things I have mentioned are the responsibilities of the States. It is important that State Governments also need to think about the reforms at the State level because they have a great influence on public savings, on efficiency of enterprises, irrigation, power and so on. They are also responsible for education and health and agriculture. These sectors are of fundamental importance for overall structural reforms. This interconnection between the Centre and the States, I think, is of utmost importance—but tends to be neglected.

Let me try to draw you into a more controversial terrain. In India, and among many other developing countries as well, the Bank is perceived as "pressuring" its borrowers through its lending conditionalities. How do you react to this widespread and persistent criticism?

I am aware that this criticism exists everywhere, not just in India. I think in part it simply reflects the fact that when Governments like to do something controversial, it is easier to blame somebody else instead of saying it needs to be done. The fact of the matter is that the Bank cannot force any Government to do anything. We are only an outside agency which has money to lend but even the amount of money we can contribute to any one country is only a small fraction of the country's own resources. We can only support what Governments and people themselves are prepared to do. We can help in the process. We have worldwide experience, we have some idea of what works and what doesn't work. We can collaborate with analysts in Governments and in research institutions. We can help put the issues in a clearer light.

Thereafter what we reflect in our loan agreements is what has been agreed by the Government that it wants to do. Sometimes we are more insistent by saying, 'O.K. this is your objective. What are you going to do about it by next June or by next December so that there is a benchmark and everybody knows what progress has been achieved.' In India or elsewhere if these reform programmes are not indigenous, they would not survive. The reform programmes are fundamentally political; they are economic reform programmes but they are essentially part of the political process. No foreign agency can involve itself in such a process. The Bank will not even try. I think people ought to understand that what we do is to support what people in the country have decided on their own to undertake.

In other words, you seem to be saying that people tend to overestimate the Bank.

Well, I think people miscast the nature of the process. After all India is very sophisticated, we have been working with India for over 40 years. India's economists serve around the world including in the Bank. It is not that we bring something totally new in terms of analytical capacity. We do bring new perspectives. We are outsiders and that is helpful. We do try to focus attention on the choices that need to be made and the relative priorities and the pace of reform. The people misunderstand if they think that this is an imposition; that we have a package, a module we bring, put in your computer and out comes the India reform programme. This is totally unrealistic.

Part of the problem lies in the fact that there is so much secrecy surrounding the negotiations between the Bank and its borrowers. Don't you think this lack of transparency conflicts with an open democracy, especially such as the one we have in India?

Negotiations of a particular loan, of course, are confidential because I do not know of any institution, any Government in the world, which negotiates anything in public; that is rather impractical.

After a loan has been negotiated for a particular project, we have again no secrecy limitations. We are guided by the Governments concerned whether these documents can be released and we never interpose any objection to release of the documents. As to the parliamentary process, you have a very vibrant democracy in India. The Government is responsible to Parliament and they can tell Parliament whatever Parliament needs to know, whatever in the normal process they believe they can share with Parliament. There is nothing of any kind that the Bank puts in the way of this process.

Let me conclude with this question: The Bank has been in the business of advising India for a long time. In turn, what has the Bank learnt from its experience of lending to India, its largest borrowers and one of its oldest borrowers?

The Bank is a financial institution in part; but in a large part, it is a developmental institution and it therefore deals with borrowers very much in a two-way street. What we know today is what we have learnt from our borrowers. India has played a major role in the process. As I mentioned, India was the first country to focus on issues of poverty, indeed before the Bank did. The rest of the world discovered this major component of development only later in the 1970s when poverty became more centrally recognised as a fundamental objective.

I think India's planning process has played a large role in its development. Planning in India also turned out to be very control minded—I don't mean that part. What I have in mind is the concept of looking forward, having a five-year plan, being systematic about your objectives, trying to relate your resources to those objectives, setting priorities and so on. India was a leader in this process. I think that process is common to both of us—in the way the Bank operates internally and how we look at the lending operations.

We have also certainly benefited from India by learning about the importance of institutional capacity. Again, India being such a large country, that issue comes more to the foreground, than in other countries. India is one of the first places where we tried explicitly to work with the Government, to help strengthen public sector institutions whether implementing agencies or educational institutions.

Finally, I would list what you have also mentioned, namely that India is a vibrant democracy. In India, I think, the involvement of the people, particularly at the State level, in development, the link between the political process and the people is very close. In recent times, this degree of popular participation, as it is called, has become a model.

Thank you, Ernie, for a very interesting interview.

Petroleum Pipeline From Iran Contemplated

93AS0649A Calcutta THE STATESMAN in English
20 Feb 93 p 12

[Text] A memorandum of understanding has been signed between Iran and India to undertake a feasibility study

to construct a pipeline to transport liquified petroleum gas [LPG] from Iran to India. Dr. S. Naeimi, first secretary, and head of the economic and commercial section of the Iranian Embassy gave this information to THE STATESMAN on Friday.

The cost of this project would be about \$12 billion. Although Iran realized that it may not be possible for India to come up with this amount, it was sure that if there was an agreement in principle, a way would be found to implement the project without imposing a strain on India's foreign exchange resources.

Initially the discussion between the two Governments have been on the basis of laying the pipeline under the sea. But if this pipeline could be laid overland through Pakistan it would cut costs considerably.

Dr. Naeimi was aware that in the present political climate India would have strong reservations about exposing such an important economic artery through a hostile country, thus running the risk of disruption of supply through sabotage or Pakistan Government action.

He, however, felt that since Pakistan had already accepted drawing Iranian LPG, the pipeline could be a tripartite project with Pakistan giving a cast iron guarantee that supply to India would not be disrupted under any circumstances and Iran was prepared to underwrite this agreement. He felt that such an agreement would not only help the three countries economically but would also be a major step in improving Indo-Pak relations.

He pointed out that a pipeline already existed between Iran and Russia, through which Iran has been supplying LPG to Russia. Dr. Naeimi stated that LPG was the cheapest and most efficient form of energy and that all new power plants in Iran are running on LPG. He also said that once this pipeline went on stream, Iran would seriously consider setting up a refinery in India.

One of the objects of Dr. Naeimi's visits to Calcutta was to discuss ways to extend economic cooperation between Iran and West Bengal. For a starter, Iran may consider switching some of its jute offtake from Bangladesh to India.

There was also considerable scope for expansion of shipping business between the two countries. Iran is the fulcrum of an economic organization called the Caspian Sea Economic Organization which embraces Iran and the Central Asian Republics, which were a part of the former Soviet Union. Dr. Naeimi felt there was a great potential of trade between India and these republics. The obvious doorway to these republics would be through the Iranian port of Bandar Abbas. There were good road links from Bandar Abbas to these republics as well as to Afghanistan.

Even exports to Russia and Ukraine could be routed through Bandar Abbas as it would save considerable distance as ships reached northern Russian ports by going around the Cape of Goodhope or Black Sea ports by going through the Suez Canal. There already existed a

joint Indo-Iranian shipping line called Irano-Hind line which could be revived and container ships chartered from developed countries until the two countries owned their own cellular vessels.

Asked if Iran was spearheading a fundamental pan-Shiaite movement, Dr. Naeimi said, "Please don't look at Iran through Western tinted glasses. Iran is not a muslim fundamentalist country. Islam is the most misunderstood religion in the world. The Koran has never said to persecute non-believers. It is a religion of live and let live. In Islam the most important concept is man. Islam is more than a religion, it is an ideology. It was not the West with all its technical superiority which defeated the Communist ideology. It was in Afghanistan where the ideology of Islam defeated the Communist ideology.

Iran, according to Dr. Naeimi, is in favour of closer political cooperation between Russia, Central Asian Republics, Iran and India. However, he felt that China should not be a part of this political bloc, for however great its economic progress in recent years, it was a Communist state—a potential aggressor.

Talking about Iran's economic liberalization, Dr. Naeimi said, Iran had begun the process even before India, and it was aware that total dependence on Western aid and unhindered acceptance of multinationals would result in political and economic servitude and misery for most its citizens. Therefore, countries like Iran and India must join hands to help each other in the path of economic progress.

ECONOMIC

Budget: Issues, Surveys, Articles, Views

Opens Up Economy

93AS0627A Bangalore DECCAN HERALD in English
16 Feb 93 p 13

[Text] New Delhi, Feb. 15 (PTI)—Measures to further open up the economy and steps to lift the sagging industrial sector appear to be a feature of the Union budget for 1992-93, which, according to all indications, will be a soft one.

The release of the report of the Raja Chelliah Committee, which has suggested a maximum customs tariff of 30 per cent, as against 110 per cent at present, and the slashing of customs duty on 35 consumer durables, as part of baggage, shows the Government is determined to go ahead with the process of external liberalisation.

There is a distinct possibility that the Government will bring down the rate of corporate tax to 40-45 per cent and cut excise duties, as part of the measures for industrial revival.

Faced with political problems, the Government is also likely to raise the income tax exemption limit substantially and bring down the tax rates.

The tax exemption limit, according to indications, may be raised to Rs [Rupees] 35,000-Rs 40,000 from the

current level of Rs 28,000. This would effectively take care of over 20 per cent of the inflation during the last two years.

Going by the trend, the Government is likely to accept most of the recommendations of the Chelliah Committee, which has suggested that the maximum rate of tax be brought down to 30 per cent in the next five years. Since the present duty rules at 110 per cent, a duty reduction of 20 to 30 per cent in the coming budget cannot be ruled out.

The Government might decide to peg the maximum duty at 80 to 90 per cent, to bring it in line with the rates in competitive economies. It may be mentioned that reduction in duty from 190 per cent to 110 per cent last year does not seem to have affected the duty realisation significantly.

The only consideration the Government is likely to have in reducing the duty is the extent of protection that the domestic industry should have.

Since the rupee has already depreciated by nearly 26 per cent over the last one year, a 30 per cent lowering of the duty rate might not bring down the extent of protection of the industry.

The industry has been seeking a "level playing field" and a matching cut in excise rates in case of a cut in import tariff.

Besides a cut in excise duty rates, domestic manufacturers of consumer durables on which baggage rules have been liberalised expect a corresponding cut in tariff on the import of components. They are of the view that in the coming budget customs duty on components should be brought down between 45 to 80 per cent from the current level of 80 to 180 per cent.

According to reports, revenue collection this year might fall short substantially posing a problem for the Finance Minister in reducing the fiscal deficit to five per cent of the GDP [Gross Domestic Product] in the current financial year.

The Ayodhya developments and the recession in the industry are said to have contributed to the drop in revenue collections in December and January and the shortfall might persist in February and March.

The budget estimates for indirect tax collections comprising excise duties and customs for the current financial year have been put at Rs 57,292.55 crore. As against this, the total collections in the first nine months of this year stood at 39,800 crore.

The steep depreciation of the rupee during the last one year—from around Rs 26 to Rs 33 in recent weeks—has posed a dilemma to the budget makers. The current depreciation has been caused by speculations among exporters and others of chances of full convertibility of the rupee on the trade account being introduced in the budget.

The industry and the exporters have been demanding free convertibility. They are of the view that since full convertibility has been allowed to export-oriented units and export processing zones, there should be no discrimination against them. Economists, however, feel that the time is not yet ripe for it and the move should wait till a decline in the inflation rate to much more moderate levels.

BJP's 'Alternative'

93AS0627B Madras *INDIAN EXPRESS* in English
24 Feb 93 p 10

[Text] New Delhi—If the Bharatiya Janata Party (BJP) were to present the Union Budget for the year 1993-94, it would raise the personal income tax exemption limit to Rs [Rupees] 50,000, focus on revival of economy through increase in Plan expenditure and cut in taxes and would not hinge the economic reforms programme on exports as the Manmohan Singh regime has sought to do.

The BJP, the main Opposition party in Parliament and claimant to the South Bloc, presented a shadow or an "alternative budget" here on Tuesday outlining its economic and fiscal ideas for revival of the economy. The "alternative" budget in the form of a 10-page document was released at a press conference by party president Dr Murli Manohar Joshi and Dr Jay Dubashi, an expert on economic affairs for the BJP.

Dr Joshi said that the Budget document was prepared by a seven-member committee of the party constituted by him. The committee's members were: Dr Jay Dubashi, K.R. Malkani, Jaswant Singh, Viren Shah, T.N. Chaturvedi and J.C. Jaitley.

"The main thrust of the budget should be the revival of the economy and a march towards the goal of a debt-free India," the document said and it called for the "economic sovereignty" of India to be preserved.

Criticising the Government for relying solely on exports for the growth of the economy, the BJP pointed out that the export-oriented policy was opposed by some other than Commerce Minister Pranab Mukherjee indicating the first "sign of dissent" in the Government on economic policy.

In its critique of the Congress' economic policy, the BJP said that exports had stagnated even after three devaluation of rupee and, inflation had come down marginally.

In the proposals, the party called for growth of small scale industries through fiscal and other concessions to stimulate employment. While supporting the liberalisation, deregulation and de-bureaucratisation, the BJP document laid stress on "internal liberalisation" first and suggested doing away with "high tax, high cost" regime by reducing taxes and interest rates. The success of the liberalisation should not be dictated by the World Bank and the International Monetary Fund. The BJP also called on Parliament to stipulate a ceiling on borrowings during the year. The party was against hikes in administered prices without discussion in Parliament.

Survey Said 'Irresponsible'

93AS0627C Madras *INDIAN EXPRESS* in English
24 Feb 93 p 8

[Text] Instead of presenting a cogent assessment of the prospects for 1993-94, the pre-budget Economic Survey, 1992-93, dishes out rhetoric on how after World War II, certain developing countries of Asia in particular achieved unprecedented prosperity by providing the right environment for endeavour to their citizens. Reform has started yielding results, the Survey goes on to proclaim in an obvious bid to assert that the right environment for growth has been created in this country. But the Survey does not clarify which segments of the economy have benefited or are expected to surge ahead in the foreseeable future; taking only the broad ones, the growth rate of agriculture, the Survey states, remains below the desirable trend growth rate; it also admits that industry is in the grip of recession. One looks in vain for the claimed results. The growth rate of the economy will at best touch four per cent in 1992-93, which is way below the average achieved in the eighties. The current account deficit, which was to be reined in by reform, will touch \$7 billion (Rs.21,000 crore), according to the Survey. This means the external deficit remains at a stubborn 2.8 per cent of GDP, more than double that can be borne by the country.

The Survey crows, rightly it seems at first sight, about slowing inflation and marshals statistical arguments to prove how inflation this year has been even less than that revealed by official analysis based on a point-to-point comparison of prices. But it does not say if hardship has been any less. The per capita income fell in 1991-92; it has recovered but modestly this year. Slowing inflation then is the flip side of the setback to per capita income growth which also contributed to the industrial recession. What is worrisome, however, is the Survey's insistence on reducing the fiscal deficit further in the coming year and the next; that will perhaps dampen inflation afresh, but the recession in the economy will be strengthened in consequence.

The prescriptions clubbed in the Survey, reflecting the IMF's conditions and the World Bank's pressures, are designed to depress domestic investment for at least three years. Thus, the fiscal deficit is to be contracted to bring down investment in the public sector but the corresponding fillip to private investment is to be deferred. The reduction in the statutory preemption of bank funds will be phased over a three-year period and that of interest rates postponed till the fiscal deficit correction is complete. Tax reform is to be phased, and the disadvantaged domestic investment forced to face foreign competition, enhanced by lowered import duties. Besides, the rupee is to be made convertible (that is, a fresh devaluation imposed). The coming budget should ignore the mischievous Survey which irresponsibly panders to the Fund-Bank.

Salaried Seek Relief

93AS0627D Madras *INDIAN EXPRESS* in English
27 Feb 93 pp 1, 9

[Article by R. Sasankan]

[Text] Will the beleaguered people of this country be able to heave a sigh of relief after listening to Finance Minister Manmohan Singh's budget speech on Saturday?

Or will he tax them more on the plea of raising additional resources to finance the Eighth plan?

The people have been taxed even before the budget is presented. To make the budget look relatively soft, the Government has already hiked the administered prices of many items and allowed steel companies to raise prices of their products. This will have a cascading impact on the economy. The Railway budget was also unkind to the commonman.

The Finance Minister can, therefore, afford to announce some concessions. But the question is whether he will behave like Mr R. Venkataraman who in his first budget in 1981 confined his hefty taxation proposals to two or three paragraphs and listed concessions, which in terms of cost to the exchequer did not amount to much, in two pages.

There are indications that the budget will be somewhat populist. The present political situation calls for such a step. The Government cannot hope to get the support of the Left Parties without what they call pro-people policies. Dr Singh is quite good at this job since he played a major role in framing all the populist policies of Mrs Indira Gandhi.

Rupee convertibility: There have been intense speculations about rupee convertibility on trade account. Large importers like Indian Oil Corporation and diamond traders have been buying dollars in the belief that the Finance Minister will announce full convertibility in the budget. The Finance Ministry has been maintaining that it would not go beyond enhancing the exchange rate ratio from the present 60:40 to 80:20. If Dr Singh sticks to this, dollar may dip in the foreign exchange market.

The Government has been actively considering a proposal to exempt all government employees except class IV, and all income tax payees from the public distribution system. The IMF too has been pressing for this. The Left Parties will not have any objection to such a step. It is likely that Dr Singh may announce this in his budget speech.

The Corporate sector has been demanding many things ranging from full rupee convertibility to excise duty concessions. The Government had examined these proposals and is inclined to accept their demand for restoration of investment allowance. Corporate tax will be reduced in tune with the recommendations of the Chelliah Committee on Tax Reforms. This is also one of the demands of multinational companies. For the corporate sector, Dr Singh will have to do something more. The recession hit industry has been asking for reduction in interest rate. Indications are that he may announce a one per cent reduction in interest rate.

The international business community and multilateral lending agencies like the IMF and the World Bank will look at the budget proposals as a demonstration of the Government's sincerity in carrying forward the reforms. For them, import duty reduction is more important than anything else. They would not mind if Dr Singh announces some populist measures. It is not clear as yet to what extent Dr Singh will go to oblige the multinational lobby in reducing import duty. In the last budget, Dr Singh brought down the peak tariff from 150 per cent to 110 per cent.

Poor export showing: He is under pressure to bring it down drastically in the present budget. Expectations are that he may reduce the peak tariff to around 80 per cent. This will satisfy the import lobby which has been pleading that moderate reduction will be neutralised by the depreciation of rupee following the proposed enhancement of the exchange rate ratio under the partial rupee convertibility scheme.

The government is extremely concerned over the poor performance on the export front. The reform package was based on the assumption that liberalisation would boost exports, a solution to the country's perpetual balance of payment problem. In 1992-93, not more than 50 per cent of the export target could not [be] met. Exporters have been clamouring for full rupee convertibility. Since Dr Singh is reluctant to concede this, exporters have been asking for credit at concessional rate. But the Reserve Bank is opposed to this as it would require huge subsidy. Banks cannot be expected to subsidise exports. The Government cannot afford it either. But, a way has to be found to make exports more attractive. There are many proposals before the Government which include among others import of consumer items by exporters at concessional duty for sale in the domestic market.

The most vocal section, the salaried class, is expecting some relief. Indications are that Dr Singh may raise the ceiling for income tax exemption.

Easy options: The tendency all along has been to raise it by a negligible margin. This time he is under pressure to offer something substantial. The salaried class is also looking forward to the restoration of at least one of the saving schemes which he scrapped in the last budget. This, however, goes against the process of rationalisation and simplification of the tax structure as recommended by the Chelliah Committee. The easy option is either too to raise the exemption limit or the quantum of standard deduction. The Finance Ministry circles acknowledge that the salaried class deserves some relief.

South's Mixed Reaction

93AS0627E Bangalore *DECCAN HERALD* in English
2 Mar 93 p 13

[Text] Madras, March 1—Renowned economist Malcolm S. Adiseshiah has said there is nothing spectacular about this year's Union budget.

Dr Adiseshiah has said that the positive features are the full convertibility of the rupee, the strengthening of SEBI [Securities and Exchange Board of India], the sharp reduction in customs and excise duties, the improvement of social sectors such as health and education and the package of agricultural economic reforms.

On the other hand, there has been no provision for recession-hit industries.

Dr Adiseshiah says the reduction in fiscal deficit is not in the interest of the economy. "Rather, we should have negotiated with the IMF and the World Bank for not going so fast as it will squeeze the industry."

He has also expressed unhappiness over the huge revenue deficit of Rs 46,000 crore. "This is really disturbing and not really expected. I also cannot understand the emphasis on globalisation. It is not in the interest of the country's farm sector."

Former Reserve Bank governor S. Venkitaramanan has, however, said it is a balanced and imaginative budget which will satisfy any economic analyst. More importantly, it has not put a full stop on economic reforms, he has said.

He finds several positive features like full convertibility of the rupee and the decision to allow banks to go to the capital market without the Government surrendering management rights.

Former ASSOCHAM [Associated Chamber of Commerce] president N. Sankar has regretted that the legitimate anticipation of a reduction in corporate taxation has not materialised. It is otherwise a well-crafted budget which addresses itself boldly to the need to tackle the high-cost structure of the Indian industry.

Russia's Latest Military Jet Offered to Air Force
93AS0646A Calcutta THE STATESMAN in English
22 Feb 93 p 9

[Text] New Delhi, Feb. 21—The Russians have offered the latest jet aircraft S-54 in its inventory to the Indian Air Force, reports UNI.

The S-54, which is now in the prototype stage, incorporates the state of the art technology both in avionics and its weapons systems.

Two versions of this aircraft—an Advanced Jet Trainer and a combat plane—were offered during the recent visit of the Russian President, Mr. Boris Yeltsin.

Official sources pointed out that the Russian President had not offered the MIG-21 UB as an Advanced Jet Trainer but the S-54, hitherto unknown to the Western world.

The S-54 had been specially designed for the Russian Air Force and because of shortage of funds further development of this aircraft had been held up.

During his wide-ranging talks the high-level delegation accompanying President Boris Yeltsin, offered to give this aircraft to India. The Russian side is understood to have proposed that India provide \$500 million for the joint production of this aircraft.

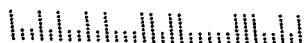
The Russian side stated that the S-54 would be made in two versions.

NTIS
ATTN PROCESS 103
5285 PORT ROYAL RD
SPRINGFIELD VA

2

22161

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.



This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.